

**GROUND SUBLEASE**

**CALIFORNIA STATE UNIVERSITY  
CHANNEL ISLANDS SITE AUTHORITY**

**UNIVERSITY GLEN RESALES**

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**EXHIBIT LIST**

<b><u>Exhibit</u></b>	<b><u>Description</u></b>
Exhibit A	Leasehold Parcel
Exhibit B	Approved Capital Improvements
Exhibit C	Calculation of Pro Rata Share
Exhibit D	List of Approved Title Exceptions
Exhibit E	Regulations
Exhibit F	Memorandum of Sublease and Grant Deed to Improvements

Lot: \_\_\_\_\_  
Phase: \_\_\_\_\_  
Escrow No.: \_\_\_\_\_  
Model: \_\_\_\_\_  
Project: \_\_\_\_\_

**GROUND SUBLEASE**

THIS GROUND SUBLEASE (this “Sublease”) is made and entered into as of this \_ day of \_\_\_\_, 201\_ (the “Effective Date”), by and between California State University Channel Islands Site Authority (“SA”) and \_\_\_\_\_ (“Homeowner”), with reference to the following facts:

A. The Trustees of the California State University (“CSU”) are the owners of certain real property located in the County of Ventura, State of California, which is a part of the campus of California State University Channel Islands (“CSUCI”), and is more particularly described in Exhibit A attached hereto (the “Leasehold Parcel”).

B. SA was created pursuant to the California State University Channel Islands Site Development Act of 1998 (California Statutes Chapter 861) in order to implement a faculty and staff ownership housing program (“Program”) at CSUCI, to provide faculty and staff housing and to financially support the reuse of the Camarillo State Hospital Site into the CSUCI campus. The primary objectives of the Program are promoting and assisting the educational purposes and strengthening the educational programs of CSUCI by establishing a diverse residential community at CSUCI, by creating continually affordable housing for employees of CSUCI, and by assisting in the recruitment, retention, productivity and participation in activities at CSUCI of employees of CSUCI.

C. In connection with the implementation of the Program, CSU leased to SA the Leasehold Parcel, together with certain adjacent and surrounding parcels of real property pursuant to a Ground Lease dated as of April 7, 2000, amended by three separate Amendments and then further amended by the Amended and Completely Restated Ground Lease dated June 28, 2002 , the Second Amended and Completely Restated Ground Lease dated December 9, 2002 and the Third Amended and Completely Restated Ground Lease dated March 14, 2007, and as amended by the Fourth Amended and Completely Restated Ground Lease dated August 18, 2016, (collectively, the “Lease”).

D. The Lease authorizes SA to subdivide the Leasehold Parcel into smaller parcels for the purpose of leasing and financing, herein referred to as Sublease Parcels, to sublease the Sublease Parcels, and to sell or rent the housing Units constructed thereon to eligible persons in accordance with the Program.

E. SA has duly subdivided the Community Development Area of CSUCI by Subdivision Map No. 2 recorded in the Office of the Ventura County Recorder (the “Subdivision Map”), creating the Sublease Parcels, together with certain other larger parcels for development with apartments and for future subdivisions into more Sublease Parcels.

F. SA has constructed housing Units on certain of the Sublease Parcels and the overall development has been named, and is referred to herein as, "University Glen." University Glen consists of apartments known as Camarillo Apartments, attached town homes known as Arroyo Town Homes, with 3 floor plans, attached single-family homes known as Monterey Row Homes, with 3 floor plans, detached single-family homes known as Colina Vista Homes, with 4 floor plans. All of the Colina Vista Homes, and some of the Monterey Row Homes and Arroyo Town Homes will be sold (with the land being ground subleased) as herein described. All other Units will be rented by SA, with some of them being sold, as needed, to future faculty and staff.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties to this Sublease hereby agree as follows:

1. **DEFINITIONS.** The following terms shall have the following meanings:

1.1 "Additional Rent" shall mean all amounts due from Homeowner hereunder that are not Capitalized Ground Rent, including, without limitation, "Maintenance Rent" and Transfer Fees, and amounts payable under Section 4.3 hereof.

1.2 "Approved Capital Improvements" shall mean those Improvements made by Homeowner to the Unit after the closing of the purchase of the Unit by Homeowner, which Improvements add to the value of the Unit by enlargement and/or quality upgrade and remain with the Unit upon resale. Improvements made for the purposes of maintenance, repair or replacement, decoration, or special homeowner needs or preferences and Improvements paid for with the proceeds of insurance, condemnation awards or recoveries of damages shall not be Approved Capital Improvements. The general categories of Improvements that qualify as Approved Capital Improvements are subject to SA's approval. A list of examples of the categories of Improvements that have been approved by SA as Approved Capital Improvements is attached hereto as Exhibit B. SA shall have the right to modify prospectively the list of Approved Capital Improvements at any time and from time to time. A current list of Approved Capital Improvements and the procedures for requesting the addition of categories of Improvements to such list (also included in the Regulations) shall be maintained and made available for review by Homeowner in the office of SA located at the address specified in Section 25.4.2 or such other office as SA may from time to time designate.

1.3 "Approved Capital Improvement Payments" shall mean the amount that the fair market value of the Unit is enhanced by the installation of an Approved Capital Improvement over what it would be without it, or the actual out of pocket cost to install such Approved Capital Improvements increased by the increase in the CPI since the date of installation, whichever is the lesser.

1.4 "Attached Units" mean all Units that are attached to and share a common Party Wall with other Units, which includes Units constructed on Lots 3 through 73 in Phase I, Lots 110 through 160 inclusive in Phase IB, and Lots 163 through 170, Lots 174 through 179, Lots 205 through 210, and Lots 229 through 258 in Phase IC.

1.5 "Capitalized Ground Rent" shall be the sum of \$0, which shall be paid by Homeowner to SA on the Commencement Date through Escrow Holder as herein provided.



1.6 “Claims and Losses” shall mean any and all demands, claims, actions, causes of action, judgments, awards, damages, fines, penalties, liabilities, obligations, losses, costs and expenses, including, without limitation, attorneys’ fees.

1.7 “Commencement Date” shall mean the Effective Date of this Sublease, which shall be set forth in the first paragraph of the first page hereof by Escrow Holder on close of escrow through which the Memorandum of Sublease is recorded.

1.8 “Common Area” shall mean all portions of the Leasehold Parcel outside the boundaries of the Sublease Parcels, together with the roads, sidewalks, lighting, drainage facilities, utilities, landscape and hardscape, pathways, bike ways, recreational facilities, open space, playing fields, or similar improvements thereon designed for the use and benefit of the occupants of University Glen.

1.9 “Courtyard” means the outside area adjacent to the Unit and separated from other Sublease Parcels and/or the Common Area by walls and/or hedges.

1.10 “C.P.I.” shall mean the Consumer Price Index published by the Bureau of Labor Statistics of the U.S. Department of Labor for Urban Wage Earners and Clerical Workers, Los Angeles-Riverside-Orange County, California (1982-84=100) “All Items.” In the event the compilation and/or publication of the C.P.I. shall be transferred to any other governmental department, bureau or agency or shall be discontinued, then the index most nearly the same as the C.P.I. shall be used to make such calculation as determined by the CSUCI President.

1.11 “CSUCI President” shall mean the President of CSUCI.

1.12 “Designee” shall mean a person designated in writing by SA as having the right and obligation to exercise and carry out such powers, duties and obligations of SA under the Lease and, in turn, this Sublease.

1.13 “Detached Units” mean all Units that do not share a Party Wall with any other Unit, which includes those Units built on Lots 74 through 109 in Phase IA, and Lots 187 through 204 and Lots 211 through 228 in Phase IC. There are no Detached Units in Phase IB.

1.14 “Eligible Initial Sublessee” shall mean a Person who intends to and does occupy the Unit as his or her Principal Residence.

1.15 “Eligible Successor Sublessee” shall mean a Person who has been offered the opportunity to purchase the Unit pursuant to the procedures of Section 16 below and who intends to and does occupy the Unit as his or her Principal Residence.

1.16 “Escrow Holder” shall be Chicago Title Company, through which Homeowner is concurrently purchasing the Unit and this Sublease is being executed under separate escrow instructions.

1.17 “Expiration Date” shall mean October 1, 2096, at midnight.

1.18 “Foreclosure Transferee” means any Lender or third party purchaser that is not a Person who intends to and does occupy a Unit as his or her Principal Residence, and that acquires the Unit by foreclosure sale or deed in lieu of foreclosure.

1.19 “Fractional Change in the C.P.I.” shall mean the positive fractional difference between the C.P.I. (i) for the third (3<sup>rd</sup>) calendar month immediately before the Maximum Resale Price or Option Price, as the case may be, is established as required hereunder, and (ii) the third (3<sup>rd</sup>) calendar month immediately before Homeowner purchased the Unit.

1.20 “Governmental Agency” shall mean any federal, state, county, local or other governmental department, bureau, division, agency or other authority.

1.21 “HAC” shall mean the Homeowner Advisory Council to be elected by the Homeowners on an annual basis pursuant to the Regulations.

1.22 Intentionally left blank.

1.23 “Improvements” shall mean all buildings, structures, facilities, utility lines, fixtures and other improvements located, constructed or installed on each Sublease Parcel, including the Unit.

1.24 “Interest Rate” shall mean ten percent (10%) per annum.

1.25 “Law” or “Laws” shall mean all applicable federal, state, county and local laws, including statutes, regulations, rules and ordinances, and all applicable requirements and orders of any Governmental Agencies.

1.26 “Leasehold Parcel” shall mean the Property subject to the Lease and described in Exhibit A hereto.

1.27 “Lender” shall mean any savings bank, savings and loan association, commercial bank, trust company, credit union, insurance company, real estate investment trust, pension fund, or other lending institution of substance (including the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation or other similar institutional secondary market mortgage purchaser) that performs functions similar to any of the foregoing, which makes or is the assignee of a loan to Homeowner secured by a deed of trust on a Sublease Parcel and the Improvements (not to exceed the Maximum Resale Price less any principal balance at the time such loan is made on any previous loan secured by a previously recorded deed of trust), and, in the case of financing provided by a previous Homeowner and with the consent of SA, shall include such previous Homeowner.

1.28 “Loan Amount” means the total amount owing a Lender on the date of a purchase of a Homeowner mortgage from a Lender by SA, including principal (not to exceed the Maximum Resale Price less any principal balance at the time such loan is made on any previous loan secured by a previously recorded deed of trust), accrued interest, taxes, insurance, trustee’s fees, statutory costs, and other sums due Lender under the terms of the loan documents.

1.29 “Maintenance Rent” means the Additional Rent payable as Homeowner’s Pro Rata Share of SA’s costs of maintenance of the Improvements and the Common Area as described in Section 4.3.

1.30 “Maximum Resale Price” shall mean the maximum permitted price for the assignment of the Sublease and resale of the Unit as determined pursuant to Section 17.

1.31 “Memorandum of Sublease” means the Memorandum of Sublease that shall be recorded through escrow on the Commencement Date, and shall be in a form substantially similar to the Memorandum of Sublease attached hereto as Exhibit F, as adapted depending on whether or not SA is the seller of the Improvements.

1.32 “Option Price” shall mean the price at which SA shall have the right to repurchase the Unit and obtain a reassignment of the Sublease from Homeowner pursuant to Section 18.

1.33 “Party Wall” means the wall between adjoining Units abutting the boundary between them extending from the foundation over the full length and height of the wall.

1.34 “Person” shall mean a natural person, or a trust as described in Section 16.4 below.

1.35 “Phase I”, “Phase IB” and “Phase IC” means Lots 1 through 109 inclusive (Phase I), Lots 116 through 127 and Lots 134 through 162 inclusive (Phase IB), and Lots 163 through 170, Lots 174 through 179 and Lots 187 through 258 inclusive (Phase IC) respectively, as shown on the Subdivision Map.

1.36 “Post Foreclosure Resale” means resale of any Unit following a foreclosure or deed in lieu of foreclosure transaction.

1.37 “Principal Residence” shall have the meaning as used in Section 143(c)(1)(A) of the Internal Revenue Code of 1986, as amended (the “Code”), or the Treasury Regulations promulgated thereunder. However, if the term “principal residence” is not defined in Section 143 of the Code or in Treasury Regulations promulgated thereunder, this term shall have the same meaning as used in Section 121 of the Code or the Treasury Regulations promulgated thereunder; provided that, if the term “principal residence” is not defined either in Section 143 or Section 121 of the Code or in Treasury Regulations promulgated thereunder, this term shall have the same meaning as used in Section 1034 of the Code prior to the repeal of Section 1034, or the Treasury Regulations promulgated thereunder.

1.38 “Program” shall mean the Employee Housing Ownership Program, approved by SA, to establish a diverse residential community by creating affordable housing for employees of CSUCI and assisting in their recruitment, retention, and productivity at CSUCI. The Program shall include and provide for the following: renovation and improvement of the Units; eligibility requirements for sublessees; priority system and offering procedures for assignment of interests in this Sublease and sales of Units to prospective sublessees and for renting Units; numbers and types of Sublease Parcels and Units; Improvements in the Common Area; amounts of Capitalized Ground Rent charged to sublessees under the subleases; prices of

Units sold to sublessees;; management and control of litigation or administrative proceedings affecting the Sublease Parcels and the Common Area; management, control and regulation of the recreational amenities in the Common Area; and establishment, modification, administration and enforcement of the Regulations.

1.39 “Project” shall mean the development of the Community Development Area at CSUCI by SA into single and multi-family housing, known as University Glen.

1.40 “Pro Rata Share” shall have the meaning given that term in Section 4.3 and Exhibit C.

1.41 “Qualified Appraiser” shall mean an appraiser designated from time to time by SA, who is an independent real property appraiser having substantial experience in the appraisal of residential real property comparable to the Sublease Parcels and the Units located thereon in the County of Ventura, State of California, and who shall be a member of a professional organization such as the American Institute of Appraisers or the Society of Industrial Real Estate Appraisers or other professional equivalent.

1.42 “Qualified Buyer” means a natural Person who intends to and does occupy the Unit as his or her Principal Residence.

1.43 “Regulations” shall mean the Property Use and Maintenance Regulations attached hereto and made a part hereof as Exhibit E as the same may be modified, amended or replaced from time to time by SA.

1.44 “Rent” shall mean, collectively, the Capitalized Ground Rent, Maintenance Rent and all other Additional Rent.

1.45 “Repurchase Option Event” shall have the meaning set forth in Section 18.2.

1.46 “Resale Appreciation” upon which the Transfer Fee payable pursuant to Section 4.2 is calculated means the difference between (a) the resale price paid on close of escrow by an Eligible Successor Sublessee for the Unit, less the assignor’s costs of sale paid through escrow that are customary for sales of this type (including but not limited to, escrow fees, transfer taxes, title insurance, document preparation and delivery, and broker’s commissions), and (b) the Capitalized Ground Rent plus the Purchase Price paid for the Unit by the assignor, plus the assignor’s costs of purchasing the Unit paid through escrow that are customary for purchases of this type (including, but not limited to, escrow fees, transfer tax, title insurance document preparation and delivery, and broker’s commissions), plus the cost of Approved Capital Improvements installed by the assignor during his or her period of ownership.

1.47 “Sublease” shall mean this sublease between SA and Homeowner, as the same may be amended from time to time.

1.48 “Sublease Parcel” shall mean the separate legal parcel of real property covered by this Lease designated as Lot \_\_\_\_\_ on the Subdivision Map covering the Leasehold Parcel.

1.49 “Successor Homeowner” shall mean any purchaser/assignee of the interest in this Sublease and the Unit in accordance with the terms of this Sublease.

1.50 “Transfer Fee” means any fee due from Homeowner to SA for consent to the assignment of this Sublease payable pursuant to Section 4.2 hereof.

1.51 “Unit” shall mean Homeowner’s subleasehold interest in the Sublease Parcel and ownership interest in the Improvements thereon, which in all cases must be transferred, encumbered or hypothecated together as a unit.

1.52 “Value Enhancement by Approved Capital Improvements” shall have the meaning given such term in Section 17.3.

1.53 “Year” shall mean each twelve (12) calendar month period during the term of this Sublease commencing on the Commencement Date or an annual anniversary date thereof.

**2. SUBLEASE.** SA hereby subleases to Homeowner, and Homeowner hereby subleases from SA, the Sublease Parcel, together with all rights and privileges pertaining to the Sublease Parcel upon the terms and subject to the conditions set forth in this Sublease. This Sublease is made in accordance with and is subject to the terms and provisions of the Lease.

**3. TERM.** The term of this Sublease shall commence on the Commencement Date and end on the Expiration Date, subject, however, to earlier termination as provided herein and subject to the provisions of Sections 16.3 and 18.1.

**4. RENT.**

**4.1 Capitalized Ground Rent.** As consideration for subleasing the Sublease Parcel, Homeowner shall pay to SA Capitalized Ground Rent on the Commencement Date in the amount of \$0, plus the Purchase Price for the Improvements conveyed to Homeowner by SA, through Escrow Holder at close of escrow, as provided under separate agreement.

**4.2 Transfer Fee on Assignment of Sublease.** Upon the following types of assignments by Homeowner of the Sublease to a Successor Homeowner in accordance with this Sublease (which assignments shall not include a foreclosure or deed in lieu of foreclosure as to which no Transfer Fee applies), Homeowner shall pay SA a Transfer Fee, in consideration for consenting to the Sublease assignment through escrow at closing, in the following amounts:

4.2.1 If Homeowner makes a voluntary resale of the Unit and/or if SA purchases the Unit from Homeowner as herein provided, the Transfer Fee shall be one percent (1%) of the total consideration paid by the SA or Successor Homeowner, as the case may be, to Homeowner (seller).

4.2.2 Intentionally left blank.

4.2.3 If Homeowner makes any sale of a Unit to any party, including SA, under Section 16.3 or 18.1, or otherwise Homeowner shall pay SA a reasonable fee, in addition to fees under 4.2.1 and 4.2.2 for administering the transfer, preparing the Sublease assignment and consent documents, confirming the appropriate Resale Appreciation, Maximum

Resale Price and/or Option Price, and handling other details of the transaction in an amount established from time to time by SA.

**4.3 Maintenance Rent.** In addition to the amounts payable in accordance with Sections 4.1 and 4.2 above, and subject to the other provisions of this Sublease, Homeowner shall pay to SA, as Additional Rent, assessments for (i) the maintenance, repair and replacement of the Common Area, (ii) the repair, maintenance and replacement of the exterior walls, roof and structural components of all the Units constructed on the Sublease Parcels that are Attached Units, (iii) casualty insurance for Attached Units and the Common Area, (iv) any costs of collection related to any past due Additional Rent, (v) any reasonable costs incurred by SA in connection with the exercise of SA's right of abatement of any nuisance or violation of the Regulations; and (vi) any fines assessed to Homeowner for violation of the Regulations as provided in the Regulations, all of which payments shall constitute Additional Rent under this Sublease and are sometimes collectively referred to herein as "Maintenance Rent." Concurrently with the payment of the Capitalized Ground Rent, Homeowner shall pay Maintenance Rent for the period from the Commencement Date to the end of that month and for the next month. Additional Rent shall be assessed to the Homeowner based on the Homeowner's Pro Rata Share defined and payable as follows:

(1) The Pro Rata Share of each Sublease Parcel in the Project shall be as shown on Exhibit C attached hereto. SA reserves the right to modify the calculation of, and allocation established by, the Pro Rata Share of each Sublease Parcel without notice to Homeowner or any other party.

(2) The monthly assessments of Maintenance Rent due from Homeowner shall be estimated not less frequently than yearly by SA, and adjusted by it from time to time, with such estimate being due by Homeowner on or before the 10<sup>th</sup> day of each month. The actual costs for each year shall be accounted for by SA and a detailed statement thereof provided to Homeowner by April 1<sup>st</sup> of each year, with any differences between the monthly estimates paid and Homeowner's Pro Rata Share of actual costs being due from Homeowner to SA within thirty (30) days of being billed, and with any credit for overpayment being applicable to the next monthly assessment due hereunder. Any capital improvements to the Common Area shall be amortized, expensed and billed as part of the Maintenance Rent over their useful lives as determined pursuant to federal tax law. Assessments shall include reasonable reserves for capital improvements and infrequently recurring expenses such as asphalt resurfacing and sealing, reroofing and repainting of the Attached Units and improvements in the Common Area. Assessments shall include, in addition to the actual costs for maintenance, repair and replacement of the Common Area and Attached Units for which SA is responsible, professional property management fees, and property damage and liability insurance premiums and loss deductible payments.

**4.4 No Offset.** All Additional Rent required to be paid under this Sublease shall be paid without offset or setoff of any kind.

**4.5 Partial Months.** All Additional Rent due for any partial month during the term shall be prorated based upon the actual number of days elapsed.

**4.6 Fines.** It is acknowledged that the Regulations permit SA to establish parking and traffic control laws and speed limits for use of the driveways, parking lots and roads, rules for the use and maintenance of the Common Area, use restrictions and rules related to the use of the Units, imposition of late fees for not paying Additional Rent, Maintenance Rent or other amounts due by the due date, and procedures for the imposition of fines for violations of the same by Homeowners or their guests or invitees. If any fines are assessed against any Homeowner, they shall be payable within fifteen (15) days of notice of imposition as Additional Rent.

**5. TITLE.**

**5.1** CSU has represented and warranted to SA that CSU's fee title to the Sublease Parcel now is, and shall throughout the term of the Lease remain, free and clear of any senior lien, charge, encumbrance or claim, except as may be described in the Lease.

**5.2** SA represents and warrants to Homeowner, to the actual knowledge of the employees, agents and representatives of SA that SA's leasehold interest in the Sublease Parcel is now free and clear of any senior lien, charge, encumbrance, or claim except as may be referred to and described in the List of Approved Title Exceptions attached hereto as Exhibit D.

**5.3** SA covenants to Homeowner that, at all times during the term of this Sublease and so long as Homeowner is not in default under the terms of this Sublease, Homeowner shall hold, occupy, and enjoy the Sublease Parcel without disturbance or hindrance by SA or by any other person claiming under or by right of SA.

**6. USE.**

**6.1 Principal Residence Only.** Except as otherwise specifically set forth in this Sublease, Homeowner shall at all times reside on the Sublease Parcel and use the Sublease Parcel only as the Principal Residence of Homeowner and shall actually move into the Unit within two (2) months after the Commencement Date. Either SA or CSU may require Homeowner to provide such information as may be reasonably necessary to determine compliance with the provisions of this Section. The breach by Homeowner of the Principal Residence requirement under this Section shall constitute an event of default under this Sublease, whereupon, in addition to SA's rights pursuant to Section 22, SA shall have the option, but not the obligation, to require Homeowner to assign the Sublease and sell the Unit to SA or its assignee on the same terms and conditions as specified in Section 18.1. Notwithstanding anything else herein to the contrary, the Principal Residence requirement of this section shall not apply to a Foreclosure Transferee, but shall apply to any other Homeowner who acquires a Unit by a Post Foreclosure Resale.

**6.2 Exceptions.**

**6.2.1 Demolition.** Subject to Section 14.2 below, if Homeowner, with the consent of SA or its Designee and in accordance with the requirements of the Regulations, demolishes the Unit, or if the Unit is damaged or destroyed by an act of God or other casualty, or if the Unit is partially or temporarily taken by eminent domain, the Principal Residence requirement of Section 6.1 shall not be applicable until such time as a new housing unit is

constructed on the Sublease Parcel, provided that if, under the terms of this Sublease and the Regulations, Homeowner (rather than SA) is obligated to rebuild the Unit (which is the case for Detached Units), reconstruction of such Unit shall be substantially commenced within six (6) months of the date on which demolition, damage or taking of the Unit commenced or occurred, and shall be pursued diligently thereafter to completion.

6.2.2 Permitted Rentals. Notwithstanding the provisions of Section 6.1, if Homeowner is a CSUCI employee, Homeowner shall be permitted to rent the entire Unit, provided that (i) said rental is only made to an Eligible Initial Sublessee or an Eligible Successor Sublessee; (ii) Homeowner complies with the priority system of the Program by allowing SA at least thirty (30) days to find a renter acceptable to Homeowner who is a Person described in priority categories 1 through 7 under Section 15.2 prior to renting the Unit to anyone else, and (iii) said rental is on a short-term basis (i.e., for a period not to exceed one (1) year), when Homeowner is away from the CSUCI campus on an approved sabbatical. Notwithstanding Section 6.1, Homeowner may rent or otherwise allow any person to occupy only a portion of the Unit without SA consent so long as the Unit at all times remains Homeowner's Principal Residence. Homeowner shall register the names, social security numbers and employment information concerning any persons renting the Unit or part of thereof with SA before permitting occupancy.

**6.3 Nuisance.** Homeowner shall not use or permit any other Person to use the Sublease Parcel, or the Unit, in any way that constitutes a nuisance.

**6.4 Compliance with Regulations and Laws.** Homeowner shall conform to, and cause any Person using or occupying the Sublease Parcel and any person present in the Common Area by license or invitation of the Homeowner, to comply with the Regulations and with all other applicable public laws, ordinances and regulations. Homeowner agrees to indemnify, defend and hold harmless SA and the HAC from any penalty, damages or charge imposed for any violation of the Regulations or of any Law applicable to the use and occupancy of the Sublease Parcel or Common Area occasioned by the negligent or willful act or omission of Homeowner or by any Person present on the Sublease Parcel or in the Common Area by license or invitation of Homeowner. Homeowner shall be subject to fines payable as Additional Rent for violations of the Regulations by his or her guests and family members. Notwithstanding anything to the contrary in this Sublease, Homeowner shall have the right to contest, by appropriate judicial or administrative proceedings, without cost or expense to SA, the HAC or CSU, the validity or application of any present or future public Law that restricts the use of the Sublease Parcel or that requires Homeowner to repair, maintain, alter or replace the Improvements thereon, provided that Homeowner shall not have the right to contest the validity or application of the Regulations. Homeowner shall not be in default under this Sublease for failing to commence repairs, maintenance, alterations or replacements until a reasonable time following the final judgment and conclusion of appeals in any such administrative or judicial proceeding, provided that Homeowner shall protect CSU, SA, the HAC, and the Sublease Parcel from any lien by adequate surety bond or other appropriate security. Homeowner's right to contest shall be exercised in such a manner as to avoid any exposure of the Sublease Parcel, the Unit or other Improvements to foreclosure or execution sale.

## **7. TAXES AND ASSESSMENTS.**



**7.1 Homeowner Responsible.** The parties acknowledge that the Unit and Homeowner's possessory leasehold interest in the Sublease Parcel will be subject to the payment of ad valorem possessory interest taxes as well as assessments to pay bonded indebtedness of SA utilized to construct the Project commencing as of the Commencement Date. Homeowner shall have sole responsibility for paying or assuring the payment of such taxes and assessments as and when due. Such taxes and assessments may be paid in two (2) installments due on April 10 and December 10 of each year, except taxes and assessments from the Commencement Date to the following January 1<sup>st</sup> will be billed by Notice of Supplemental Assessment direct from the Ventura County Tax Collector, and will be due as and when specified therein. SA and Homeowner acknowledge and agree that nothing in this Section 7 is intended or shall be interpreted to permit the imposition upon SA or CSU of liability for any taxes or fees by any Governmental Agency. Homeowner acknowledges receipt and approval of a Notice of Special Tax.

**7.2 Indemnity.** Homeowner agrees to defend, indemnify and hold harmless CSU and SA from and against any tax or assessment required to be paid pursuant to Section 7.1. Subject to the provisions of Section 7.3, Homeowner further agrees to prevent any such tax or assessment from becoming a delinquency lien upon the Sublease Parcel, the Unit or other Improvements. If the payment of any such tax or assessment shall be more than ninety (90) days delinquent, CSU and SA shall have the right but not the obligation to pay such tax or assessment. In the event that CSU or SA makes any such payment, the amount of the payment shall be immediately due and payable to the payor by Homeowner as Additional Rent and shall bear interest pending payment by Homeowner at an annual rate equal to the Interest Rate.

**7.3 Right to Contest.** Homeowner shall have the right, at Homeowner's cost and expense, to refuse to pay and to contest the amount or validity of any tax or assessment by an appropriate proceeding diligently conducted in good faith; provided, however, that Homeowner's right to contest shall be exercised in such a manner so as to avoid any exposure of the Sublease Parcel, the Unit or any Improvements to foreclosure or execution sale. Pending final judgment in and appeal from any such proceeding, CSU and SA shall not have the right to pay, remove or discharge any tax or assessment thereby contested, provided that Homeowner shall protect CSU, SA and the Sublease Parcel, the Unit and other Improvements from any lien by providing SA with a surety bond established by SA or other security deemed appropriate by SA.

**7.4 Taxes Excluded.** Homeowner's obligation to pay taxes and assessments levied and assessed against the Sublease Parcel and the Improvements shall exclude, without limitation, the following taxes and charges, however denominated: business taxes, documentary transfer taxes, except and unless charged in connection with a transfer of the Unit and an assignment of this Sublease, and income or profits taxes levied or assessed against SA by any Governmental Agency.

**7.5 SA Lack of Control.** Homeowner acknowledges that SA has no control over the valuation of the Unit for tax assessment purposes, or the collection of taxes or assessments or the amount of any taxes.

## **8. INSURANCE.**

### **8.1 Property Insurance.**

8.1.1 Attached Homes. If the Sublease Parcel is improved with an Attached Unit, then SA shall obtain and maintain during the term of this Sublease from a good and responsible company doing insurance business in the State of California, a policy of insurance in the amount of not less than one hundred percent (100%) of the full insurable replacement value (less any applicable deductible) of only the Improvements, which the SA is obligated to maintain under Section 10.2 below (the "SA Casualty Policy"). The SA Casualty Policy insurance shall be for the benefit of SA, Homeowner and the homeowners of the other Attached Units in the Project. Homeowner shall be assessed as Maintenance Rent for (i) Homeowner's Pro Rata Share of the cost of the insurance coverage on and the cost of any uninsured repairs, maintenance or replacements in all Attached Units in the Project, and (ii) one hundred percent (100%) of the cost of any insured repair, maintenance or replacements in the Homeowners Unit, which are subject to a deductible under the SA Casualty Policy. Homeowner shall not separately insure against any loss or casualty covered by the SA Casualty Policy. If Homeowner violates this provision, any diminution in insurance proceeds otherwise payable under policies obtained by SA that results from the existence of such other insurance shall be chargeable to Homeowner. SA may elect to change the deductible on the SA Casualty Policy from time to time only after giving Homeowner at least thirty (30) days prior written notice.

Homeowner must obtain and maintain at all times from a good and responsible insurance company doing business in the State of California a policy of casualty insurance (currently referred to as an HO-6 policy) covering (i) all the interior improvements to the Unit that the Homeowner, and not the SA, is obligated to maintain, repair and replace under Section 10.1 below, and (ii) the deductible on the SA Casualty Policy. Such insurance may include coverage for Homeowners personal property. Homeowner shall provide SA with a certificate of insurance, or the actual policy if requested, confirming coverage as required hereunder, and that such coverage cannot be cancelled or modified without at least thirty (30) days' prior written notice to SA.

8.1.2 Detached Homes - Extended or Special Homeowners Policy. If the Sublease Parcel is improved with a Detached Unit, Homeowner shall, at such Homeowner's sole cost and expense, obtain and maintain during the term of this Sublease (including any period of time during which the Unit is in the process of being improved or remodeled), from a good and responsible company doing insurance business in the State of California, an extended or special homeowners policy of insurance (currently referred to as an HO-3 policy), which may, at Homeowner's option, exclude earthquake and flood coverage. Such insurance shall be in an amount not less than one hundred percent (100%) of the full insurable replacement value of the Improvements that make up the Detached Unit, less a standard deductible, provided that such insurance is ordinarily and customarily available. Such insurance may include coverage for Homeowner's personal property. Homeowner shall provide SA with a certificate of insurance, or the actual policy if requested, confirming coverage as required hereunder, and that such coverage cannot be cancelled or modified without at least thirty (30) days' prior written notice to SA.

8.1.3 Intentionally left blank.

**8.2 Liability Insurance.** Homeowner shall, at Homeowner's sole cost and expense, purchase and maintain at all times during the term of this Sublease, comprehensive personal general liability insurance from a California licensed insurance company insuring against bodily injury, death and damage to property occurring on or from the Sublease Parcel and the Unit with single limit coverage in the amount of at least \$500,000 per occurrence, subject to such amount being changed from time to time by SA for all Units in the Project as reflecting the coverage amounts generally required in Ventura County, California, by mortgagors of property of comparable value to the Unit. Such insurance policy shall name CSU, SA, and any nonprofit corporation servicing the Project for SA, as additional insureds and shall contain a waiver of subrogation rights by the insurer as to such parties. A certificate of such insurance policy shall be provided to SA on the Commencement Date and upon the renewal of each policy, and shall provide that the same may not be cancelled or modified without at least thirty (30) days' prior written notice to SA.

## **9. CONDITION OF UNIT.**

**9.1 As-Is Condition.** Homeowner hereby accepts the Sublease Parcel and the Improvements "AS IS," subject to all faults reasonably discoverable at the Homeowner's walk-through prior to the Commencement Date. SA makes no representations or warranties whatsoever as to the condition of the Property or otherwise. Homeowner hereby acknowledges that the Unit is NOT subject to the dispute resolution procedures set forth in California Civil Code Sections 910 through 945.5 (the "Fix-It Law").

**9.2 As-Built Condition.** Homeowner acknowledges that various engineering and architectural plans pertaining to the Project, including, but not limited to, subdivision maps, grading plans, plot plans, improvement plans and building plans (collectively, "Plans"), contain dimensions regarding certain aspects of the construction. If there is a discrepancy between the Plans and the actual as-built conditions of the Unit, the as-built conditions will control. The depictions of the Unit are for illustrative purposes only, and in the event of a conflict between such depictions and the actual as-built conditions of the Unit and the home, the as-built conditions will control. The usable or buildable area, location and configuration of the Sublease Parcel or the Improvements may differ from that shown or displayed to Homeowner in any drawings, plans, topographic maps or models on the Plans.

## **10. MAINTENANCE.**

**10.1 By Homeowners.** The owners of the Detached Units shall be solely responsible for all maintenance, repair and replacement of the Units, inside and outside, and the landscaping in the Courtyards regardless of the cause of any damage (e.g., fire, earthquake, wind, water, etc.). Homeowner shall commence any necessary repair or replacement after any damage occurs within not later than six (6) months after such occurrence and diligently pursues the same to completion at Homeowner's sole cost, whether or not covered by insurance. The owners of the Attached Units will be solely responsible for the repair, replacement and maintenance of all improvements inside of the interior drywall surfaces of the walls and ceilings and above the surface of the concrete slab, including, but not limited to, wall coverings by paint, wallpaper, tile or other materials, floor coverings of any type, cabinets, counter tops, appliances, light fixtures, plumbing pipes and fixtures, the air conditioning unit, if one is added as a Capital Improvement, and the landscaping in the Courtyards, as well as all the Homeowner's personal property,

damaged due to any cause, including casualties such as fire, earthquake, wind, water, etc., or due to ordinary wear and tear. If Homeowner fails to perform his or her responsibilities hereunder, SA shall have the right after giving at least thirty (30) days' prior written notice to perform the work and to assess Homeowner all costs therefor as Additional Rent.

**10.2 By SA.** As to Attached Units only, SA shall be responsible for the maintenance, repair and replacement of the interior and exterior walls from the outside surface of the exterior walls to the inside surface of the drywall on the interior walls and ceilings, the windows and doors, the concrete slab, the roof, the plumbing and electrical systems and light fixtures inside the walls, ceilings or concrete slab, the heating unit and all ducting therefor, and all landscaping on the Sublease Parcels and the Common Area except the Courtyards, which shall be the responsibility of Homeowner, damaged due to any cause, including casualties such as fire, earthquake, wind, water, etc., or due to ordinary wear and tear. All such costs shall be paid by the SA from proceeds of the SA Casualty Policy to the extent such proceeds are available. To the extent insurance proceeds are not available, Homeowner shall pay as Maintenance Rent (i) his or her Pro Rata Share of the costs for maintenance, repair and replacement performed by SA under this Section 10.2, resulting from uninsured events, or (ii) one hundred percent (100%) of such costs if the same result from insured events but are subject to a deductible on the SA Casualty Policy.

## **11. EXCULPATION AND GENERAL INDEMNIFICATION OF CSU AND SA.**

**11.1 Exculpation.** This Sublease is made on the express condition that CSU and SA shall be free from all Claims and Losses by reason of injury or death to any person, or damage to or loss of property from whatever cause, whether on the Sublease Parcel, or in any way connected with the use and occupancy of the Sublease Parcel or the Improvements or personal property of Homeowner thereon, including any liability for injury or death to the person or damage to or loss of property of Homeowner or his or her agents, servants, guests, family members or employees except to the extent that said injury or damage is caused by the willful or negligent act or omission of CSU or SA.

**11.2 Indemnity.** Homeowner agrees to indemnify, defend and hold harmless CSU and SA and any nonprofit corporation providing services to them at the Project and their respective officers, employees, board members, trustees and agents from any and all Claims and Losses on account of or arising out of the matters described in Section 11.1 above. As among the parties described in this Section 11.2, and except as expressly limited by Section 11.1, Homeowner shall assume all risks of injury or death of any person or damage to or loss of any property of Homeowner and any property under the control or custody of Homeowner while upon the Sublease Parcel.

## **12. LIENS AND ENCUMBRANCES.**

**12.1 Covenant and Indemnity.** Homeowner hereby covenants to keep the Sublease Parcel, the Unit and the Improvements free and clear of any and all liens or encumbrances (except Deeds of Trust executed pursuant to Section 21.2.1 below) created by Homeowner's acts or omissions or created by the performance of any labor for or the furnishing of any material, supplies or equipment to Homeowner. Homeowner further agrees to indemnify,

defend and hold harmless CSU and SA from and against any such Claims and Losses in connection therewith.

**12.2 Notices.** Homeowner agrees to provide SA written notice of any work of improvement (as defined in Section 3106 of the California Civil Code) at least twenty (20) days before beginning the work of improvement and to permit SA and/or CSU to post on the Sublease Parcel or Improvements a Notice of Nonresponsibility pursuant to Sections 3094 and 3129 of the California Civil Code while the work of improvement is in progress. Should any lien be recorded against the Sublease Parcel or the Improvements that purports to be a lien against the interests of SA or CSU, Homeowner agrees to purchase and record, at Homeowner's sole cost and expense, a bond adequate to remove the purported lien against the interests of SA or CSU. If Homeowner fails to do so, SA may record such bond and assess the cost to Homeowner as Additional Rent.

**13. DESTRUCTION AND RESTORATION.** If, during the term of this Sublease, the Improvements are wholly or partially destroyed, such destruction shall not terminate this Sublease. Instead, the insurance proceeds received by SA or Homeowner plus the amount of the applicable deductible, which shall be due from Homeowner as Maintenance Rent when billed, shall be used to rebuild the same. If, subject to the rights of a Lender, any insurance proceeds on a Detached Unit are payable to Homeowner, Homeowner shall forthwith assign such proceeds to SA in trust and deliver to SA or its designee the amount of any deductible. Thereafter SA shall release such funds to Homeowner or its contractors to pay the cost of restoration of the Improvements as and when due, after work is performed. In the event of any damage or destruction to a Detached Unit that is not covered by insurance to the extent of more than Twenty-five Thousand Dollars (\$25,000), Homeowner shall have the right either to rebuild at its sole cost, or to terminate this Sublease, subject only to the obligation to remove any debris and foundations by the date of termination. If any uninsured damage or loss occurs to the Detached Unit that costs less than Twenty-five Thousand Dollars (\$25,000) of expense (not reimbursable by insurance) to remedy, Homeowner shall commence the work at its sole cost within one hundred eighty (180) days after such loss or damage occurs and diligently thereafter pursue the work to completion.

In the event of any damage or destruction to the components of the Attached Units, which SA is obligated to maintain under Section 10.2 above, SA shall utilize the insurance proceeds and pay the deductible (subject to reimbursement by Homeowner as Maintenance Rent) to as soon as reasonably possible commence restoration of the Improvements and diligently pursue the same to completion. In the event of any damage or destruction of the components of the Attached Unit, which Homeowner is obligated to maintain under Section 10.1 above, Homeowner shall, as soon as reasonably possible, commence restoration of the Improvements and diligently pursue the same to completion and use the insurance proceeds to the extent available as payment or otherwise pay as required, all costs to do so. Any material deviations between the planned restoration and the damaged improvements shall require the prior written approval of SA.

**14. IMPROVEMENTS ON THE SUBLEASE PARCEL.**

**14.1 Plans and Specifications.**

14.1.1 Required Submissions. Prior to the commencement of any construction or renovation on the Sublease Parcel or modification of the landscaping in the Courtyard with the addition of any plants or hardscape visible at maturity from any other part of the Project, by Homeowner (i) affecting the outward appearance of the Sublease Parcel, the Unit or any Improvement or (ii) affecting the structural integrity of the Unit or any Improvement, Homeowner shall submit to SA plans and specifications for such construction or renovation and shall make all additional submittals to SA and/or the HAC or otherwise as required by the Regulations. Such plans and specifications shall be in such detail and prepared in such manner as prescribed in the Regulations and as may reasonably be required to permit the HAC, SA and CSU to make an informed judgment as to the overall design and manner of construction of the proposed construction or renovation. No such construction or renovation shall be undertaken by Homeowner without SA's approval of the plans and specifications and such other approvals as required by the Regulations.

14.1.2 No Liability of HAC, SA, UGC or CSU. It is expressly understood and agreed that the HAC's, SA's, University Glen Corporation's ("UGC") or CSU's review or approval of plans and specifications as required by this Section 14.1 or the Regulations shall not make the HAC, SA, UGC or CSU or their individual representatives or members responsible or liable to Homeowner or to third persons for the design, construction, or quality of any improvement or renovation with respect to which its approval is given, nor shall any disapproval make the HAC, SA, UGC or CSU, or any of their individual representatives or members, liable to Homeowner.

14.1.3 Change Orders. SA acknowledges that it is common practice in the construction industry to make changes in designs contained in plans and specifications during the course of construction. Accordingly, SA agrees that changes that do not materially alter plans and specifications previously approved by SA or CSU do not have to be submitted to SA or CSU for separate approval, but shall be provided to SA at least five (5) business days before being implemented. If during that period SA believes the change to be material, then such change shall not be implemented until and unless approved by SA.

**14.2 No Demolition.** Homeowner shall not demolish or remove any structure on the Sublease Parcel without the express written consent of SA, or its Designee, and the recommendation of the HAC to the extent required by the Regulations, and such consent shall be requested and rendered or recommended in accordance with the requirements of the Regulations. It is expressly understood that such consent shall be entirely within SA's discretion to grant or to withhold, subject to the appeal rights as set forth in the Regulations. Any consent by SA or recommendation by the HAC with respect to such a request may be conditioned upon a requirement that Homeowner immediately commence and diligently complete construction of a replacement structure, which construction shall be undertaken in compliance with Section 14.1 and the Regulations, and shall be otherwise consistent with the terms of this Sublease. Notwithstanding the foregoing, in no event shall all or any portion of a Unit be severed or removed from the Sublease Parcel without the express written consent of SA and CSU, which may be withheld in its sole discretion.

**14.3 Provision of Utility Services.** Homeowner agrees to pay standard charges and deposits for service to the Unit by utility lines installed with the Unit by SA and for all utility services used by Homeowner, including but not limited to electricity, gas, telephone,

cable T.V. and Internet service. Water and trash collection shall be provided by SA and the cost shall be reimbursed by Homeowner as part of Maintenance Rent. Homeowner shall be responsible to arrange for and to pay the cost of the gas meter on or prior to the Effective Date.

## **15. THE PROGRAM.**

**15.1 Purpose.** SA was created with the objective of implementing an employee-housing ownership program on the CSUCI campus designed to strengthen and promote the educational purposes and programs of CSUCI. This goal will be fostered by the creation of a diverse residential community based on the development of continually affordable employee housing that will assist in the recruitment, retention and productivity of faculty and staff. To achieve these goals, SA and CSU have established detailed criteria to determine the priority of prospective buyers and to allocate available housing units among eligible buyers. In selling and renting homes in University Glen, SA will select from among potential buyers and renters in accordance with the priority system described below. However, all buyers must occupy the homes as their Principal Residence within two (2) months after close of escrow or lease execution.

**15.2 Priority Categories.** The categories of persons eligible to purchase in University Glen and the order of priority in being chosen to do so are as follows:

Category 1: CSU employees commencing service during the summer or fall of 2002 selected by the CSUCI President to be a priority purchaser, or the CSUCI President for the purpose of assigning the Purchase Contract to CSUCI employees who are hired after the sales program commences for service at CSUCI commencing in the summer or fall of 2002.

Category 2: Tenured<sup>1</sup> and Tenure-Track Faculty<sup>2</sup> and CSUCI Management Level III Personnel<sup>3</sup> or Management Level IV Personnel<sup>4</sup>.

Category 3: Full-Time Staff<sup>5</sup> of CSUCI.

Category 4: Employees of Educational Allies<sup>6</sup>, Educational Partners<sup>7</sup>, and officers of Military Partners<sup>8</sup>, who are covered by an agreement between such entities and CSUCI.

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<sup>1</sup> "Tenured Faculty" means those faculty members who have received appointment in a tenured faculty position by the CSU campus for which they work.

<sup>2</sup> "Tenure-Track Faculty" means those full-time faculty members who are awaiting appointment in a Tenured Faculty position.

<sup>3</sup> "Management Level III Personnel" refers to those employees holding positions that are defined as Management Level III by the CSU Management Personnel Plan (the "MPP"), including Associate Vice President and Dean.

<sup>4</sup> "Management Level IV Personnel" refers to those employees holding positions that are defined as Management Level IV by the MPP, including Vice President and President.

<sup>5</sup> "Full-Time Staff" means those employees who are employed in staff or management level positions to work at least 40 hours per week, and lecturers under unconditional multi-year contracts with CSUCI.

Category 5: Tenured and Tenure-Track Faculty and Full-Time Staff of any other CSU campus.

Category 6: Graduates from any CSU campus.

Category 7: Members of the General Public.

When subsequent phases are ready to be sold, the priority categories for each phase will be subject to change in the discretion of SA.

It is acknowledged and agreed that Homeowner is purchasing its unit and executing this Ground Sublease as a Category \_\_ Buyer.

**15.3 Timing and Procedure for Buyer Selection.** All interested persons who have requested notice in advance of the commencement of sales will receive notice of the opening of the sales period. All persons who then want to sign up for a Unit will be given the opportunity to sign a Purchase Contract and tender a deposit on a first-come first-served basis with all persons in the same priority category.

SA STRICTLY ADHERES TO THE ANTI-DISCRIMINATION LAWS OF THE STATE OF CALIFORNIA. SECTION 12920 OF THE CALIFORNIA GOVERNMENT CODE. ANY PRACTICE OF DISCRIMINATION IN HOUSING ACCOMMODATIONS BASED ON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, PHYSICAL DISABILITY, MENTAL DISABILITY, MEDICAL CONDITION, MARITAL STATUS, FAMILIAL STATUS, NATIONAL ORIGIN, OR ANCESTRY IS CONTRARY TO PUBLIC POLICY. THE FAIR HOUSING AMENDMENTS ACT OF 1988 PROHIBITS DISCRIMINATION AGAINST FAMILIES WITH CHILDREN AND THE HANDICAPPED.

**15.4 Waiting List for Subsequent Phases and Resales.** Any persons who signed a Purchase Contract and tendered a deposit but were unable to purchase a desired home may place their name on a waiting list for resales of any home. The date and time of sign-up on the waiting list will establish priority among those in the same category when the next house is sold or when resales become available.

**15.5 Priority of Prior Buyers for Subsequent Phases.** The priority of any Buyer of a home who wants to sell his or her home and buy a new one in a subsequent phase, by signing the waiting list and leaving a deposit, will be established after all newly hired employees in the same category (or higher) have had an opportunity to make a selection, and after those within the same category (or higher) who are higher on the waitlist have had an opportunity to make a selection. At this time there are no plans for a subsequent phase of homes.

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<sup>6</sup> “Educational Allies” include the CSU Professional Development Charter School District, the Ventura County Community College District, and any other school districts or educational institutions designated as such by the President of CSUCI.

<sup>7</sup> “Educational Partners” include corporations that have entered into an agreement with CSUCI or its Designee to establish an ongoing educational program for its employees at CSUCI or to otherwise benefit CSUCI.

<sup>8</sup> “Military Partners” includes the United States Navy, for the Pt. Mugu Naval Air Station.



**15.6 Restrictions on Ownership Eligibility.** No persons may acquire or rent a Unit unless they confirm in writing their intention to occupy the Unit as their Principal Residence and actually move in within two (2) months after the close of escrow or execution of a lease. In addition, if any person receiving priority due to his or her being an employee of CSUCI intends to acquire a co-ownership interest with another person, or persons, who is not a spouse, all such other persons must be legally obligated on the home loan and must all together acquire less than a fifty percent (50%) ownership interest.

## **16. VOLUNTARY SALE.**

**16.1 SA Consent Required.** Except as otherwise permitted under Sections 6.2.2, 21.2.1 and 21.2.7, Homeowner shall not grant, assign, sublease or otherwise transfer any of his or her rights under this Sublease without the express written consent of SA in each instance and in accordance with this Section 16, which consent shall not be unreasonably withheld as long as there is full compliance with the provisions of this Section 16 and payment of the Transfer Fee, if applicable. Any grant, assignment, sublease or other transfer that is not in strict conformity with the provisions of this Section 16 shall be a default under this Sublease and shall be void and of no force and effect and Homeowner shall continue to be liable under this Sublease for all performance required hereunder including, without limitation, the payment of Rent.

**16.2 Right to Assign.** Homeowner may voluntarily sell and convey the Unit and assign his or her interest under this Sublease (so long as both occur simultaneously to the same buyer) to any Qualified Buyer (i) subject to (a) SA's rights and options described in Section 16.3, and (b) SA's right to require the reassignment of the Sublease Parcel and repurchase the Unit upon the occurrence of a Repurchase Option Event pursuant to Section 18, (ii) provided that the Principal Residence requirement set forth in Section 6.1, the resale price restrictions set forth in Section 17, and the procedures set forth in Section 16.3 are satisfied, and (iii) provided that prior to or concurrently with said assignment all Additional Rent payable under this Sublease and the Transfer Fees due under Section 4.2 are paid in full to SA.

### **16.3 Voluntary Sale Procedures and SA First Right of Refusal**

**16.3.1 Offering Procedures After Homeowner Sale Notice.** Prior to offering to assign the leasehold interest in this Sublease and sell the Unit, Homeowner shall notify SA in writing of said proposed assignment and sale and Homeowner's proposed listing price and other material terms of sale ("Homeowner Sale Notice"). For a period of thirty (30) days following receipt of the Homeowner Sale Notice, SA shall have the right to either (i) offer the Unit at that asking price and on those proposed terms of sale to potential Qualified Buyers who are on the waiting list under priority categories 1-7, or (ii) to purchase the Unit itself on the same terms. An offer made within that period at full price and otherwise meeting Homeowner's terms of sale, by a Qualified Buyer having the highest priority under the Program, or the SA itself, must be accepted by Homeowner. If the Unit is sold to a Qualified Buyer or the SA, as above described, the SA shall be paid a Transfer Fee from the seller's proceeds of sale for permitting the transfer equal to one percent (1%) of the sale price through escrow at closing. On such a sale, SA may also charge a reasonable administrative fee for administering that transfer, including the preparation of a Consent to Assignment and Assumption of the Ground Sublease,

which the Qualified Buyer will be required to execute, and for reviewing the Qualified Buyer's request for consent.

16.3.2 SA First Right of Refusal. If, as a result of either the SA or the Homeowner offering the Unit for sale, pursuant to Section 16.3.1 above, a bona fide written offer is received containing all necessary terms of sale (but in any case at a price that does not exceed the Maximum Resale Price), which Homeowner is prepared to accept, SA shall be given a copy of such offer and shall have ten (10) business days to elect to purchase the Unit on the same terms. If SA does not so exercise its right to purchase the Unit, Homeowner shall have the right for the duration of the escrow period specified in the offer, but in no event longer than one hundred eighty (180) days, to close the escrow on the terms specified in the offer. If for any reason, the agreed sales price is reduced during escrow by five percent (5%) or more, for any reason, by agreement with any Qualified Buyer who was not procured by SA, Homeowner must notify SA and it shall have ten (10) business days from the date of such notice within which to again exercise its right to purchase the Unit at the reduced price and close the transaction within the time for close of escrow set forth in the agreement with the original buyer.

16.3.3 Reinstatement of First Right of Refusal If Escrow Fails. If any escrow for the sale to a Qualified Buyer other than SA does not close within one hundred eighty (180) days of opening, Homeowner must again provide notice of the proposed sale to SA, whereupon SA again shall have the right to purchase the Unit on the applicable terms of sale for ten (10) business days, with closing to occur within thirty (30) days thereafter.

16.3.4 Notice of Sale Price. No later than fifteen (15) days prior to the closing of any assignment pursuant to this Section 16.3, Homeowner and Qualified Buyer shall cause their mutual escrow agent to notify SA of the proposed sale price, which shall be approved by SA upon presentation of adequate documentation (in such form as may be prescribed by SA) by Homeowner and Qualified Buyer. During such fifteen (15)-day period, SA shall (i) review and approve or disapprove, as appropriate, in writing that the proposed sale price satisfies the Maximum Resale Price limitations contained in Section 17 and (ii) establish the Transfer Fees and any Additional Rent due at or prior to the transfer. Such determinations shall be binding on SA, Homeowner and the Qualified Buyer.

16.3.5 Additional Requirements. Homeowner's offer or agreement to assign and sell his or her interest in the Unit must not be conditioned on or combined in any manner with the purchase, lease or rental of any other real or personal property in which Homeowner has an interest or be based on any consideration whatsoever other than the payment of legal tender of the United States. In all cases, Homeowner shall not discriminate against any prospective Qualified Buyer on the basis of race, religion, color, ethnic group identification, national origin, ancestry, marital status, age (over 40), sex or sexual orientation.

**16.4 Permitted Assignments.** Notwithstanding anything to the contrary in this Sublease, Homeowner shall be permitted to assign his or her interest under this Sublease and to transfer the Unit to (i) a trust in which Homeowner and/or his or her spouse is the trustee created in connection with Homeowner's estate planning, provided that the beneficial ownership and exclusive rights of occupancy of the Unit for life does not change; (ii) Homeowner's spouse and/or linear descendants so long as Homeowner retains a life estate and exclusive rights to occupancy of the Unit for life; (iii) joint tenancy with Homeowner's spouse and/or linear

descendants so long as Homeowner has the exclusive right of occupancy for life; (iv) co-tenancy with Homeowner's spouse and/or linear descendants so long as Homeowner retains at least a fifty-one percent (51%) interest and the exclusive right of occupancy for life (collectively called "Permitted Assignees"). The preceding exemption shall not extend to any distributions from or transfers of rights or interests in such trust upon the death of all the original Homeowners, which may constitute a Repurchase Option Event.

**16.5 Certificate by Homeowner.** As a condition precedent to the assignment by Homeowner of any interest in this Sublease, Homeowner shall certify to SA that he or she has complied with the assignment and resale restrictions and requirements described in this Section 16 and paid, or arranged to pay at close of the resale escrow, all Additional Rent and Transfer Fees then due. Except as may be expressly waived by SA in writing, no closing of any assignment or sale transaction between Homeowner and a Successor Homeowner shall occur earlier than fifteen (15) days after SA receives such certification, during which period SA may investigate and, as appropriate, challenge the representations and warranties of Homeowner and Successor Homeowner set forth in such certification. In the event of any such challenge by SA, the closing shall not proceed until such time as SA is reasonably satisfied that Homeowner has complied with the assignment and resale restrictions and requirements described in this Section 16.

**16.6 Notice of Transfer.** No later than fifteen (15) days prior to the closing of any assignment pursuant to Section 16.3 or Section 16.4, Homeowner shall notify SA of the proposed resale/assignment. The notice shall identify the proposed Qualified Buyer and describe his or her relationship, if any, to CSU and Homeowner or explain the nature of the assignment made under Section 16.4. SA may from time to time specify other information that must be included in such notice.

**16.7 Effect of Assignment.** Each transfer or assignment by a Homeowner to a Qualified Buyer (including to SA or its assignee, if applicable) or to a Permitted Assignee in accordance with this Section 16 shall be a full and complete assignment, such that, following the effective date of such assignment, Homeowner shall have no further interest in the Sublease Parcel by virtue of the Sublease, except in the case of SA as set forth in the Lease and incorporated herein, and except for occupying rights referenced in Section 16.4. Following each assignment or transfer pursuant to this Section 16, the Qualified Buyer shall assume all of the obligations and responsibilities imposed on Homeowner under this Sublease with respect to the Sublease Parcel, and all references in this Sublease to Homeowner shall be deemed to refer to such Qualified Buyer or Permitted Assignee, as the case may be, and Homeowner shall be released of all future obligations under this Sublease arising after the date of the assignment.

**16.8 SA Investigation.** SA may, at any time and from time to time, conduct such investigations and inspections and require Homeowner to provide such information as SA reasonably may request to determine compliance with the assignment and resale limitations described in this Section 16 and Section 17. In the event that SA determines that Homeowner or any successor in interest to Homeowner has violated this Section 16 or Section 17, the transfer shall be void, Homeowner shall pay all of SA's investigative and legal costs relating to such discovery and the enforcement of the provisions of such Sections, and SA shall have the option to require the assignment of the subleasehold interest in the Sublease Parcel and the Unit on the same terms and conditions as are specified in Section 18.

**16.9 Fees and Assumption.** A transfer by Homeowner pursuant to this Section 16 shall be effective only if, at the time of such assignment, Homeowner shall (i) pay to SA any and all Additional Rent due and owing that may have been imposed pursuant to this Sublease or, if any Additional Rent has been imposed but is not yet due and owing, pay the prorated portion that is attributable to the portion of the Year during which Homeowner held an interest in the Sublease Parcel; (ii) reimburse SA with respect to any reasonable costs incurred by SA in the exercise of its right of abatement as provided in the Regulations; (iii) pay SA an administrative Transfer Fee in such amount as SA may determine is reasonable pursuant to Section 4.2.3; (iv) pay to SA any Transfer Fee due under Section 4.2.2, if applicable, (v) pay any costs for which Homeowner is liable hereunder for the services of the Qualified Appraiser, and (vi) cause the Qualified Buyer to execute and deliver to SA through Escrow Holder an assumption of this Sublease and certificate of Principal Residence on a form approved by SA.

**16.10 Limitation of Rights of Assignment or Subletting.** Except as may be expressly approved by SA hereunder, Homeowner shall not grant, sell, assign or sublease any of his or her rights under this Sublease, other than in conformity with this Section 16 and Section 17 hereof.

**17. MAXIMUM RESALE PRICE.**

**17.1 General.** To assure that all housing Units under the Program (including the Unit) shall continue to remain affordable to employees of CSUCI, resale price limitations shall be imposed on each resale transaction involving the Unit, except for Post Foreclosure Resales. To accomplish this purpose, except as provided in Section 16.4 and except for Post Foreclosure Resales, Homeowner's leasehold interest in the Sublease Parcel may not be assigned and the Unit together with any other Improvements may not be sold by Homeowner at a price for said assignment and sale greater than the Maximum Resale Price.

**17.2 Maximum Resale Price.** The "Maximum Resale Price" for the assignment of an interest in this Sublease and sale of the Unit together with any other Improvements shall mean the sum of the following:

17.2.1 The Purchase Price Homeowner paid for the Unit;

17.2.2 The Purchase Price Homeowner paid for the Unit multiplied by the Fractional Change in the C.P.I.;

17.2.3 The reasonable out-of-pocket costs paid to third-party contractors or suppliers (approved by SA) of incidental repairs and minor renovations made to the Unit within ninety (90) days prior to the giving of the Homeowner Sale Notice in order to improve the appearance of the Unit. Homeowner shall be required to deliver to SA written documentation satisfactory to SA to evidence said costs; and

17.2.4 The Approved Capital Improvement Payment.

**17.3 Approved Capital Improvement Payment.** The Approved Capital Improvement Payment shall be determined as follows:

17.3.1 Not more than thirty (30) days prior to and not later than the date of the giving of the Homeowner Sale Notice, Homeowner shall notify SA of the proposed sale and the Approved Capital Improvements Homeowner desires to have included in the Maximum Resale Price.

17.3.2 Homeowner shall then select an appraiser from a list of Qualified Appraisers supplied by SA and provide proof satisfactory to such appraiser of the cost to install such Approved Capital Improvements. The cost of such appraisal shall be paid by Homeowner in advance and shall be added to the Maximum Resale Price.

17.3.3 The Approved Capital Improvement Payment shall then be determined by the Qualified Appraiser within thirty (30) days of appointment, shall be provided to the parties in writing together with the basis for the determination and shall be binding on the parties.

**17.4 Additional Consideration Prohibited.** Homeowner may not charge or receive any compensation of any nature in excess of the Maximum Resale Price for the assignment of the Sublease and sale of the Unit and any such attempted sale or assignment on such basis shall be void and of no force or effect. Payment of brokers' commissions or other costs of sale, if any, by Homeowner shall not affect the establishment of the Maximum Resale Price. SA may require certification from the Qualified Buyer and other reasonable documentation to confirm that no consideration is being paid in excess of the Purchase Price reported to SA as a condition of consenting to the transfer.

**17.5 Right to Execute New Sublease in Lieu of Assignment.** Notwithstanding anything to the contrary in this Sublease, SA shall have the right to require any Qualified Buyer to enter into a new Sublease with SA in lieu of (i) the execution by Homeowner and the Qualified Buyer of an assignment of the Sublease, and (ii) the execution by SA of a written consent to the assignment of the Sublease. Each new Sublease executed pursuant to this Section shall be written on SA's then current form of Sublease, shall provide for a term not to exceed the then remaining term under the prior Sublease, unless mutually agreed to by SA, in its sole discretion, and the Qualified Buyer and otherwise shall not require that the Qualified Buyer pay more for the purchase or use of the Unit than applied hereunder.

**18. SA'S OPTION TO REPURCHASE UPON OCCURRENCE OF REPURCHASE OPTION EVENT.**

**18.1 Repurchase Option.** THE PURPOSE OF THE HOUSING PROGRAM IS TO STRENGTHEN AND PROMOTE THE EDUCATIONAL PURPOSES AND PROGRAMS AT CSUCI THROUGH THE CREATION OF A DIVERSE RESIDENTIAL COMMUNITY OF UNIVERSITY EMPLOYEES AND RELATED PARTIES. To accomplish this purpose, SA is reserving the right and option to repurchase the Unit and to require that Homeowner reassign to SA his or her subleasehold interest under this Sublease if certain events occur severing the ties of Homeowner to CSUCI, or after the passage of time. More specifically, after receipt by SA of notice of the occurrence of a "Repurchase Option Event" (defined below), SA shall have the right to repurchase the Unit for a price equal to (a) the lesser of (i) the Maximum Resale Price or (ii) the fair market value of the Unit, as determined by a Qualified Appraiser, less (b) the amount of the Transfer Fee calculated under Sections 4.2.1, 4.2.2 and

4.2.3 above, and less (c) the cost of any repair, replacement or cleaning deemed necessary by SA to place the unit in the same condition as when initially sold to Homeowner, reasonable wear and tear excepted, based on a walk through conducted not more than ten (10) days prior to the repurchase (the “Option Price”). In order to exercise this option, SA shall notify Homeowner with a request that he or she select a Qualified Appraiser to appraise the Approved Capital Improvements. Homeowner will then have ten (10) days to make a selection. If SA does not receive written notice of the selection within that period, SA may make such selection. The Qualified Appraiser so selected shall then appraise the Unit, at SA’s cost, and provide a written appraisal to Homeowner and SA. SA may then exercise the option to repurchase within ninety (90) days after receipt of the appraisal by giving Homeowner written notice (the “Option Exercise Notice”). The repurchase shall then occur by payment of the Option Price by SA to Homeowner not earlier than one hundred eighty (180) days and not later than two hundred ten (210) days after the date of the Option Exercise Notice, through Escrow Holder, or such other title company selected by SA. Homeowner shall pay at closing all transfer taxes, the premium on a standard owner’s policy of title insurance, the escrow fee, and any prepayment penalty on its loan. If SA elects not to exercise its option, after it receives the appraisal, it may nevertheless do so at any later date by starting the process over and having the Unit reappraised on giving Homeowner written notice to again select a Qualified Appraiser.

Homeowner (or his or her personal representative) shall be responsible to give written notice to SA if a Repurchase Option Event occurs.

**18.2 Repurchase Option Events.** The Repurchase Option Events are as follows:

**18.2.1 CSUCI Employee Events.** If Homeowner was a priority category 1, 2 or 3 buyer under Section 15.2 on the Commencement Date or thereafter became a full-time CSUCI employee:

a. Four and one-half (4½) years expire after Homeowner and/or his or her spouse cease to be employed by CSUCI due to retirement. Retirement means termination of employment at CSUCI after seven (7) consecutive years of service at CSUCI and being entitled to retirement benefits from the Public Employees Retirement System (“PERS”) and/or the Social Security Administration (“SSA”).

b. Six (6) months expire after the death of Homeowner and his or her spouse.

c. Six (6) months expire after the remarriage of the surviving spouse of a deceased Homeowner who initially bought the Unit, provided neither such surviving spouse nor his or her new spouse is then a full-time employee at CSUCI.

d. Six (6) months expire after a judgment or order is entered in an action for dissolution of marriage or legal separation granting sole ownership or occupancy of the Unit to the spouse of Homeowner, who is not then himself or herself a full-time CSUCI employee.

e. Six (6) months expire after Homeowner or, in the case of his or her death, six (6) months expire after such Homeowner's surviving spouse, ceases to occupy the Unit as his or her Principal Residence, except during a CSUCI approved sabbatical or leave of absence for up to one (1) year, during reconstruction after damage or destruction, or while Homeowner is suffering from Permanent Disability as hereinafter defined.

f. Ninety (90) days expire after all Homeowners cease to be CSUCI employees for any reason other than retirement, death or Permanent Disability.

g. Thirty (30) days expire after Homeowner and his or her spouse cease to own more than a fifty percent (50%) interest in the Unit as a result of any voluntary or involuntary conveyance, which is not approved in writing in advance by SA, whether by gift, execution sale, foreclosure, operation of law, or otherwise. However, the following "Allowed Transfers" will not be deemed to be a conveyance for this purpose: (i) a transfer to an inter vivos trust for which the Homeowner and/or his or her spouse is the trustee with the exclusive right to live in the Unit for life, or (ii) a transfer of a remainder interest to a spouse and/or linear descendants reserving a life estate and the exclusive right of occupancy, or (iii) a transfer into joint tenancy with the Homeowner's spouse or linear descendants, with an agreement giving the Homeowner the exclusive right to live in the Unit for life, or (iv) a transfer of less than a fifty percent (51%) co-tenancy interest to a Person other than the Homeowner's spouse and/or linear descendants, reserving exclusive occupancy for life.

18.2.2 Non-CSUCI Employee (Categories 4 and 5) Events. If Homeowner was not a CSUCI employee and was a priority category 4 or 5 buyer under Section 15.2 on the Commencement Date:

a. Six (6) months expire after the Unit ceases to be the Principal Residence of Homeowner(s) owning more than a fifty percent (50%) interest in the Unit at the time of purchase (the "Initial Owner(s)"), except during reconstruction after damage or destruction.

b. Six (6) months expire after the Initial Owner(s) and his or her spouse dies.

c. Thirty (30) days expire after the Initial Owner(s) ceases to own at least a fifty percent (50%) interest in the Unit, as a result of any voluntary or involuntary conveyance (other than an Allowed Transfer described above), which is not approved in writing in advance by SA, whether by gift, execution sale, foreclosure, operation of law, or otherwise.

d. Ten (10) years expire after the Initial Owner(s) who were priority category 4 buyers under Section 15.2 due to their employment status cease to be employed by the employer that gave them that status for any reason.

18.2.3 CSU Graduates and General Public Events. If Homeowner was a CSU graduate or a member of the general public and was a priority category 6 or 7 buyer under Section 15.2 on the Commencement Date:

a. Ten (10) years expire after the Commencement Date.

b. Six (6) months expire after the Unit ceases to be the Principal Residence of Homeowner, except during reconstruction after damage or destruction.

A “Permanent Disability” that causes a Homeowner who was a CSUCI employee on the Commencement Date to thereafter terminate such employment for purposes of Section 18.2.1f, or to cease living in the Unit as the Homeowner’s Principal Residence, for the purposes of Section 18.2.1e (and which, therefore, does not cause such occurrence to be a Repurchase Option Event), means any physical or mental condition that renders the employee permanently unable to work in any gainful employment. Permanent Disability shall be established if determined by any disability insurance carrier, PERS or SSA, or by any California licensed physician appointed by SA after examining the employee and his or her medical records (which shall be consented to by the employee), which examination shall be performed after not less than one (1) year after the employee ceases to be employed or live in the Unit. If a Person is determined to have a Permanent Disability and recovers sufficiently (as determined by a SA appointed California licensed physician) to be employable, then such recovery shall be deemed as the Repurchase Option Event.

SA has set aside approximately fifteen percent (15%) of all the for-sale Units now anticipated to be built in University Glen, to be exempt from the Repurchase Option Event provisions described in Section 18.2.1a above applicable to retirement, on a first-come first-served basis for priority category 1, 2 and 3 buyers who desire to be exempt from such section. In such cases the Repurchase Option Events after retirement will only be death of both spouses, remarriage of a surviving spouse, a dissolution decree or change of Principal Residence as described in Sections 18.2.1b, c, d, and e above, and not retirement alone. Full-time CSUCI employees who buy Units after this fifteen percent (15%) set aside group of exempt Units has been sold, and who desire to become entitled to this same exemption, may put their name on a waiting list. Thereafter, if any Unit with this exemption is subsequently resold, to SA or anyone else, or should a retired person with this exemption die, then the first buyer on this waiting list will be granted the same exemption on his or her Unit on a first-come, first-served basis.

If any Unit is voluntarily sold pursuant to Section 16 hereof to a Person who is a priority category 1, 2, 3, 4, or 5 buyer, he or she shall be subject to the same SA repurchase option upon the occurrence of any Repurchase Option Events described in Sections 18.2.1 and 18.2.2 above, which shall apply to such new Homeowner just as if he or she was the original Homeowner. If any Unit is voluntarily sold to a CSU graduate or a member of the general public (priority category 6 and 7 buyers), the Repurchase Option Events described in Section 18.2.3 above shall occur ten (10) years after close of escrow through which such sale occurred.

**18.3 No Waiver.** Homeowner acknowledges that after a Repurchase Option Event occurs, SA may exercise its repurchase option at any time and that the non-exercise by SA of its option with respect to a particular Repurchase Option Event, within any time period, shall not constitute or be deemed to be a waiver of SA’s option under this Section 18 with respect to the occurrence of any prior or subsequent Repurchase Option Event.

**18.4 SA Investigation.** SA may, at any time and from time to time, conduct such investigations and inspections, and require Homeowner to provide such information as SA reasonably may request, to determine whether a Repurchase Option Event has occurred. In the



event SA determines that a Repurchase Option Event has occurred and Homeowner has failed to give notice to SA of such occurrence as required herein, Homeowner shall pay all of SA's investigative and legal costs related to such discovery and the administrative Transfer Fee due under Section 4.2.3 above shall be increased by five (5) times what it otherwise would be, but for such failure.

19. Intentionally left blank.

**20. OTHER RIGHTS AND OBLIGATIONS OF SA AND HOMEOWNER.**

**20.1 Entry by SA.** Except as described below, no representative of CSU or SA may enter the Sublease Parcel or any Improvement without Homeowner's prior consent. Representatives of CSU and SA shall have the right to enter the Sublease Parcel or any Improvement in the event of an emergency that appears to threaten the safety of any person or destruction of the Unit or to abate any violation of Homeowner's obligations of repair and maintenance, and to perform SA's obligations with respect to maintenance, repair and replacement of Improvements. Representatives of CSU and SA shall have the right to inspect improvements under construction and, upon their completion, to ascertain that such improvements comply with the plans and specifications approved by SA. Any construction by Homeowner shall require plan approval and inspection by SA as the sole government agency with jurisdiction for compliance with the Uniform Building Code and the Regulations.

**20.2 Reservation of Oil, Gas and Mineral Rights.** Pursuant to the Lease, CSU has reserved the sole and exclusive right to prospect for, drill for, produce and take any oil, gas, or other hydrocarbon or mineral substances and accompanying fluids, including all geothermal resources, from the Leasehold Parcel, including the rights to slant drill, maintain subsurface pressures and utilize subsurface storage space for natural substances. This reservation does not include the right of entry to the surface or within 500' below the surface of the Leasehold Parcel for these purposes.

**20.3 Easement Reservations.**

20.3.1 SA reserves an easement across the Sublease Parcel for maintenance and upkeep purposes. SA also reserves the right to grant easements across the Sublease Parcel to utility companies and public agencies for the purpose of installing, operating, replacing or maintaining lines or conduits or meters for electricity, cable television, telephones, sewers, water, gas, sprinkling systems, and similar public or quasi-public facilities. No such easement shall unreasonably interfere with the use, occupancy or enjoyment of the Sublease Parcel by Homeowner.

20.3.2 SA reserves an exclusive easement on all Attached Units for the repair and maintenance of all exterior walls and surfaces, all roofs and all structural components of the Unit. Homeowner shall make no repairs or alterations to such walls, roof areas, or standard components of Attached Units and shall not paint or perform other maintenance work on them without SA's express approval. Further, SA reserves an exclusive easement for the maintenance, repair and replacement of driveways, walkways and landscaping on the Sublease Parcel and Homeowner shall not perform any maintenance of, or make any alterations to, such

landscaping (except in the Courtyards to the extent permitted by the Regulations) without SA's express approval.

20.3.3 If any portion of Common Area improvements, any Improvements on any adjoining Sublease Parcel or a lot-line fence or wall constructed by or on behalf of SA encroaches on the Sublease Parcel or if any portion of the Improvements on the Sublease Parcel encroaches on the Common Area, a valid easement shall be deemed to exist for such encroachment and for the maintenance of such encroachment.

20.3.4 Both SA and sublessees of contiguous Sublease Parcels shall have reciprocal easements with Homeowner for the purpose of accommodating any encroachment occasioned by the natural settlement of any Improvement.

20.3.5 In addition to the easements specifically set forth in this Sublease, Homeowner shall also be entitled to the benefits of and be subject to any other easement affecting the Sublease Parcel as may be set forth in the Subdivision Map.

20.3.6 SA shall have and hereby reserves an easement over the Common Area and the Sublease Parcel as may be needed or desired by SA in connection with the developing and marketing of the Sublease Parcels.

20.3.7 Homeowner shall not enter into any contract or agreement with any entity with respect to any easement without the prior consent of SA.

#### **20.4 Common Area.**

20.4.1 SA has reserved the right under the Lease to construct in the Common Area such improvements, if any, as shall be determined by SA for the use and enjoyment of Homeowner and residents of other Units on Sublease Parcels and to construct additional Units in Common Area areas, and convert such areas to Sublease Parcels.

20.4.2 SA shall have the right and power to:

- a. Establish reasonable rules and regulations for the use of any portion of the Common Area, including the right and power to impose reasonable user fees;
- b. Impose Maintenance Rent on Homeowner for reasonably necessary expenses associated with the operation, maintenance, replacement and repair of the Common Area and any Improvements thereon, provided that Homeowner shall be given reasonable notice of such assessments;
- c. Borrow funds for improvement of the Common Area;
- d. Levy Additional Rent required for capital expenditures in connection with the Common Area, provided that, unless approved by a majority of all Persons subject to such assessments, such special assessments shall not cumulatively in a given year exceed twenty-five percent (25%) of the established regular Maintenance Rent assessment for the Common Area; and

e. Cause the Sublease Parcel to be included in a special assessment district for the purpose of constructing facilities for drainage and flood control on the real property covered by the Lease and on adjacent areas.

**20.5 Additional Rent as Personal Obligation.** All Additional Rent, together with any late charge, interest, collection costs, and reasonable attorneys' fees, shall be the personal obligation of Homeowner at the time such rent becomes due and payable. The personal obligation for delinquent rent shall also pass to Successor Homeowners and be their personal obligations by virtue of assignment and assumption of this Sublease. Homeowner may not exempt himself or herself from payment of assessments by waiver of the use or enjoyment of all or any portion of the Common Area or the Sublease Parcel. CSU, SA, or any nonprofit corporation or unincorporated association that is the assignee of SA's maintenance and repair obligations pursuant to Section 20.9 below, as the case may be, may bring an action at law against Homeowner and shall have a lien against the Unit and Homeowner's leasehold interest in the Sublease Parcel for so long as Homeowner retains an interest in them for the amount of delinquent assessments, interest, costs, and actual attorneys' fees resulting from any such action.

**20.6 Right to Use Common Area.** Provided Homeowner is not in default of his or her obligations under this Sublease and subject to the Regulations, Homeowner shall have the right to the use and enjoyment of the Common Area.

**20.7 Law Enforcement.** The Common Area and all other portions of the Project may be patrolled by and shall be under the jurisdiction of the CSUCI campus police in the same manner and with the same jurisdiction as the balance of the CSUCI campus. No street parking is allowed unless otherwise designated. The California Vehicle Code and posted speed limits are enforced by the CSUCI campus police, who are empowered to give citations pursuant to the Vehicle Code.

**20.8 Prohibition on Firearms.** Except as otherwise provided under state law, firearms are not permitted on the CSUCI campus or anywhere in the Project. Homeowners and their guests and family members are not permitted to keep firearms in their Units or bring them onto the Project or the CSUCI campus (except such Persons who are sworn police officers currently employed by government agencies).

**20.9 SA's Maintenance Easement Assignment.** SA reserves the right to assign its exclusive repair and maintenance easements to a nonprofit corporation or unincorporated association established or selected by SA for the purpose of performing SA's obligation of repair and maintenance of the Common Area, or any portion thereof.

**20.10 Restrictions on Access to Adjacent Land.** Homeowners are not permitted to enter onto uncompleted phases of the Project, whether or not construction activities have commenced, or onto any of the hillside areas surrounding the Project, whether owned by CSU or others, except on designated walkways, if installed. **HOMEOWNER SHOULD EXERCISE EXTREME CAUTION WHILE DRIVING OR WALKING THROUGH ANY CONSTRUCTION AREAS, AND SHOULD DO SO ONLY ON IMPROVED STREETS AND/OR SIDEWALKS. IF HOMEOWNER OR HIS OR HER GUESTS OR FAMILY MEMBERS TRESPASS ONTO ANY CONSTRUCTION AREAS OR LAND ADJOINING THE PROJECT OFF OF IMPROVED STREETS AND/OR SIDEWALKS, THEY SHALL**

**BE DEEMED TO HAVE ASSUMED ALL RISK OF INJURY AND LIABILITY THAT MAY RESULT.**

**20.11 Views Not Guaranteed.** Neither CSUCI, CSU, SA, nor any of their respective directors, trustees, officers, agents, representatives or employees have made or been authorized to make any representations, warranties or promises concerning any view, present or future, that may be enjoyed from any particular Unit located in the Project. The view from any Unit may change, as it may be affected or obstructed by (a) construction or installation of other Units, recreational or other facilities, utilities, improvements, structures, fences, walls and/or landscaping by SA, CSU, owners of Units or other property within or outside the Project, or other parties, and/or (b) the growth of trees and other vegetation within or outside the Project, and/or (c) changes in the CSUCI Specific Reuse Plan and/or the CSUCI Campus Master Plan and the development and/or redevelopment of the CSUCI campus and/or parts of the Project into uses not now contemplated, all of which may be accomplished in the sole discretion of SA and/or CSU without any liability to Homeowner.

**20.12 Square Footage, Appearance and Finish Acceptance.** Any stated square footage areas of the Unit in any plans, brochures or other marketing materials are estimates only and SA shall have no liability if actual square footage differs. Homeowner's approval of the Unit at the walk-through and closing of the transaction pursuant to which the sublease term commences constitutes approval of the Unit, its size, its appearance and its fixtures, appliances, doors, windows, countertops, floor coverings, color scheme, HVAC, plumbing and electrical systems and hardware.

**20.13 Estoppel Certificates.** At the request of either party, the other shall execute, acknowledge and deliver a certificate certifying (i) that this Sublease is unmodified and in full force and effect (or, if there has been any modification, that this Sublease is in full force and effect as modified and stating the modification); (ii) the date to which the Additional Rent has been paid; (iii) that there are no existing offsets or defenses against the enforcement of any provision of this Sublease (or, if so, specifying the same); and (iv) that no notice has been given of any default which has not been cured. If the party requested to provide such certificate fails to do so within thirty (30) days of request, the certificate, in the form prepared by the other party, shall be deemed correct.

**20.14 Brokerage Commissions.** Each party hereby agrees to hold the other harmless from and against any real estate brokerage commission or other such obligation incurred by the party contracting for or enjoying the benefit of such brokerage services as the result of the negotiation or execution of this Sublease or any assignment of this Sublease.

**20.15 Compliance with Regulations.** Homeowner shall comply in all respects with the Regulations, and failure to comply with these requirements shall constitute a breach of this Sublease and, in addition to the remedies provided in Section 22 below, shall give rise to a cause of action by SA for the recovery of damages or for injunctive relief, or both.

**20.16 No SA Obligation for Development.** The precise number and location of Units included in subsequent phases will be determined by demand and other factors. SA has made no commitment as to the completion date of any particular phase and is under no obligation to complete the development in accordance with the CSUCI Specific Reuse Plan, or at

all. Accordingly, SA provides no assurances to Homeowners that University Glen in its entirety will ever be completed or that the CSUCI Specific Reuse Plan will not be changed. SA reserves the right to change the number and size of homes in future construction phases, to change materials, plans or specifications for such future homes and recreational amenities, and even to modify the Specific Reuse Plan to provide for uses other than housing, all in its sole discretion.

Site Authority anticipates that University Glen will include, within the Common Areas: sidewalks, pathways, bikeways, roads, bridges, storm drains, detention basins, lighting, landscaping, pools, spas, recreation buildings, areas of open space, barbeque facilities, and other recreational facilities, that will be available for the use and enjoyment of all residents in University Glen. Site Authority constructed as part of Phase IB a pool and spa, and a barbecue area. Site Authority is also hopeful (but not certain) that it will be able to install a recreational vehicle storage lot on the main CSUCI campus and make it available to Buyers at a reasonable fee. The other recreational facilities planned for University Glen include the following facilities to be built over the years shown below:

Health Club #2	2010
Pool and spa #2	2010

However, Site Authority is not obligated to build anything in University Glen after Phase I. Although the Common Areas may be initially owned and maintained by Site Authority, it reserves the right, in its sole discretion, to transfer ownership (by way of a Sub-Ground Lease and Deed to Improvements), and the attendant maintenance responsibilities, or to merely delegate such responsibilities, to the UGC or to the University. Under the Ground Sublease, Site Authority is empowered to establish reasonable rules and regulations for the use of the Common Areas. The current rules are contained in the Regulations, which may be changed from time to time by Site Authority.

**20.17 Right to Change Offering Terms.** With respect to all future phases of the Project and previous phases of the project:

20.17.1 SA reserves the right at any time and without notice, to (i) increase or decrease the sale price, adjust incentives and/or otherwise adjust the terms and conditions of sale for other Units in the Project, and (ii) change the size, location, elevation, design or type of homes constructed in current or future phases of the Project;

20.17.2 SA may offer prices, incentives and/or other terms and conditions of sale that vary in amount or type to different buyers;

20.17.3 SA is not obligated to offer Homeowner the same price, incentives and/or other terms and conditions of sale that SA has previously offered or may subsequently offer to another buyer; and

20.17.4 SA has not offered or agreed to provide or made any projections of any price protection or other similar commitment to Homeowner regarding the value or resale value of the Unit (or any other property), and SA shall not have any obligation or liability

whatsoever to Homeowner in the event any price changes directly or indirectly affect the value of the Unit.

**20.18 Notice of Sex Offender Database.** As required by law, SA hereby provides this notice to Homeowners regarding the existence of public access to database information concerning sex offenders.

Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at [www.meganslaw.ca.gov](http://www.meganslaw.ca.gov). Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides.

SA makes no representations, warranties or guarantees regarding the presence or absence of registered sex offenders within the Project, on the CSUCI campus or in the surrounding area, and has no obligation or duty to investigate existing residents or buyers to determine whether they are sex offenders, and does not intend on doing so. **Homeowner is solely responsible for making his or her own investigation.**

## **21. NONSUBORDINATION AND PERMITTED ENCUMBRANCES.**

**21.1 Nonsubordination of Lease and Sublease.** The Lease and this Sublease shall be prior liens against the Sublease Parcel in respect to any loan, mortgage, deed of trust, other lease, lien or encumbrance that may hereafter be placed on Homeowner's leasehold interest in the Sublease Parcel.

### **21.2 Permitted Encumbrances by Homeowner.**

21.2.1 Right to Encumber. Homeowner shall have the right, without obtaining the consent of either SA or CSU, to mortgage or assign all or part of Homeowner's leasehold interest under this Sublease pursuant to a deed of trust or other appropriate security instrument (collectively, a "Deed of Trust") as security to any Lender or Lenders that have advanced funds (not to exceed the Maximum Resale Price less any principal balance at the time such loan is made on any previous loan secured by a previously recorded Deed of Trust) to Homeowner under a promissory note. In such event, SA shall execute all necessary papers reasonably required by such Lender that are consistent with the terms of this Sublease; provided, however, that SA shall not be required to sign any Note or Deed of Trust or otherwise become obligated to any Lender; and provided, further, that no such encumbrance shall constitute a lien upon CSU's fee interest or SA's leasehold interest in the Sublease Parcel. Each Deed of Trust or other such security instrument shall contain a rider, in a form approved by SA, that refers to the respective rights, remedies and obligations of SA, Homeowner and the Lender as provided in Section 21.1 and this Section 21.2.

21.2.2 Notices to and by Lender. Concurrently with the execution of any Deed of Trust, Homeowner shall furnish to SA the name and address of the holder of the Deed of Trust. SA shall thereafter mail to such Lender a duplicate copy of any notices that SA may give

to Homeowner with respect to any default hereunder. Homeowner shall also furnish to such Lender the address for delivery of notices to SA. Upon the Close of Escrow through which this Lease is executed, a Request for Notice under California Civil Code section 2924b shall be recorded, at Homeowner's expense, as to any Deed of Trust being simultaneously recorded.

21.2.3 Request for Notices. Upon the subsequent recording of any substitute or additional Deed of Trust, the Lender and Homeowner shall be obligated to provide the SA with the Lender's name and address and the recording information on such Deed of Trust so SA may thereafter, at Homeowner's expense, record a Request for Notice under California Civil Code section 2924b, executed and acknowledged by SA, for a copy of all notices of default and all notices of sale under such Deed of Trust. Inclusion in the recorded Deed of Trust itself of a requirement for notices to be sent to SA shall constitute compliance with this provision.

21.2.4 Foreclosure Transferee's Rights After Notice to SA. Subject to Sections 21.2.6 and 21.2.7, any Foreclosure Transferee that acquires an interest under this Sublease and the Improvements by foreclosure or deed in lieu of foreclosure may assign or transfer the Unit to any Qualified Buyer, after providing written notice to SA that such Foreclosure Transferee has acquired and intends to assign or transfer such interest (the "Foreclosure Resale Notice").

21.2.5 Assumption of Loan by SA. If and only if the Note described in Section 21.2.1 provides that it is assumable, such Note and the Deed of Trust securing such Note shall include provisions that permit, but do not obligate, SA to assume and perform Homeowner's obligations thereunder in the event of any termination of this Sublease by SA upon a default by Homeowner or any reacquisition of the Unit by SA pursuant to Section 16 or 18. In the event SA exercises said right, SA shall not be obligated to pay to Lender any penalties, fees or other charges, other than a reasonable assumption fee, and Lender shall not be permitted to accelerate all or any portion of the indebtedness under the Note or the Deed of Trust. However, if Homeowner is unable to obtain the provisions described in the immediately preceding two sentences, this Sublease and Homeowner's and Lender's rights hereunder will not be affected. SA's rights under this Section shall not be assignable by SA to any other Person, except a lender of SA, unless Lender otherwise agrees to any said assignment. If the Note described in Section 21.2.1 does not provide that it is assumable and, instead, is subject to acceleration of the maturity date on a transfer of the Unit to a Successor Homeowner, then such Note shall be paid in full through escrow at closing for the acquisition of the Unit by SA pursuant to Sections 16 or 18.

21.2.6 SA Option to Purchase Lender's Mortgage in the Event of a Homeowner Default. Within ten (10) days after any Lender records a Notice of Default or Notice of Sale under a Deed of Trust on a Unit, it shall give written notice to SA, with a copy thereof. Within fifteen (15) days after a Notice of Sale is recorded, and before a foreclosure sale or deed in lieu of foreclosure transaction is completed, SA shall have the option to require that the Lender assign its Note and Deed of Trust to SA. If SA desires to exercise this right, it shall so notify the Homeowner and Lender in writing within such fifteen (15) day period. Upon receipt of such notice, Lender shall provide SA and the Homeowner with a demand itemizing all sums due Lender on the day of issuance and on a daily basis thereafter. SA shall tender payment of the full Loan Amount within fifteen (15) days of receipt of such demand, but in any event, prior to the foreclosure sale. Concurrently with such payment, which shall either be by personal

delivery or by registered mail return receipt requested, Lender shall immediately deliver to SA in the same manner: (i) the original Note and Deed of Trust; (ii) a copy of the assignment of the same in recordable form (the original of which shall be concurrently recorded by Lender); and (iii) a copy of the entire file in the Lender's possession related to the origination and servicing of the loan ("Loan File"). Upon the recordation of the assignment, Lender shall (a) provide SA with a courtesy copy thereof showing the date and document number of recordation, and (b) deregister and/or disassociate the loan from the Mortgage Electronic Registration System ("MERS") and terminate any agreement with MERS relating to such loan. Any Notice of Sale shall provide for the date of the Trustee's Sale to be not sooner than forty-five (45) days after its recordation, and Lender shall in no event allow such sale to occur sooner than thirty (30) days after it has given SA the notice and demand for payment required by this section. If SA so acquires a Deed of Trust on a unit, and subsequently forecloses on such unit, the maximum sale price at such foreclosure sale shall be the Maximum Resale Price, and the Foreclosure Transferee who purchases the unit at such sale shall be bound by all provisions hereof, including Sections 6.2.2, 16, 17 and 18. SA shall provide any Trustee handling the sale with the amount of the Maximum Resale Price prior to the sale occurring.

21.2.7 SA Consent to Transfer on Foreclosure Not Required. The written consent of SA shall not be required to any assignment or other transfer of Homeowner's interest in this Sublease and the Improvements by way of foreclosure sale or deed in lieu of foreclosure. Provided that the Foreclosure Transferee has complied with Sections 21.2.4 through 21.2.7 above, the Foreclosure Transferee need not obtain further consents from SA upon any subsequent sale, assignment, or other transfer of an interest in this Sublease and the Improvements by such Foreclosure Transferee, provided such transfer shall be to a Person who intends to and does occupy the Unit as his or her Personal Residence. In the event of such a resale, the person buying the Unit shall be subject to all provisions of this Sublease, except Sections 6.2.2, 17 and 18 shall no longer apply and any references in Section 16 to the Maximum Resale Price shall be deemed deleted.

21.2.8 No Termination Without Consent of Lender. Except for termination by reason of Homeowner's default hereunder, there shall be no modification, mutual termination or surrender of this Sublease by SA and Homeowner without the prior written consent of each Lender that is a beneficiary of a Deed of Trust and whose interest could be affected by such action.

21.2.9 Foreclosure Transferee Acquires Interest in Unit. In the event that any Foreclosure Transferee subsequently assigns or transfers its interest under this Sublease and the Improvements after acquiring the same by foreclosure or deed in lieu of foreclosure and, in connection with any such assignment or transfer, the Foreclosure Transferee takes back a Deed of Trust encumbering the Sublease Parcel and Improvements to secure a portion of the purchase price given to the Foreclosure Transferee for such assignment or transfer, then such Deed of Trust (notwithstanding whether or not it is in a first lien position) shall be considered a Deed of Trust as contemplated hereunder, and the Foreclosure Transferee shall be entitled to receive the benefit of and enforce the provisions of this Section 21.2 and any other provision of this Sublease intended for the benefit of the holder of such a Deed of Trust.

**21.3 SA Right to Further Encumber.** SA shall have the right, from time to time, to execute and record new trust deeds on the Sublease Parcel and to require Homeowner and any Lender to subordinate his or her leasehold interest and/or security interest hereunder to



the lien thereof, on demand, provided SA concurrently causes the new lender to execute and deliver to Homeowner and his or her Lender a Non-Disturbance and Attornment Agreement in form and substance reasonably satisfactory to the Lender, and the same is executed by Homeowner and/or the Lender.

## **22. DEFAULT AND TERMINATION.**

### **22.1 Default by Homeowner.**

22.1.1 SA Right to Terminate. Subject to the provisions of Section 22.1.2, if Homeowner shall fail to remedy any default in the payment of Rent due under this Sublease for thirty (30) days after notice of such default, or fail to remedy any default with respect to any of the other provisions, covenants or conditions of this Sublease to be kept or performed by Homeowner within sixty (60) days after notice of such default, or such additional time as is reasonably required to cure such default, SA shall have the right to terminate this Sublease and Homeowner's right to possess the Sublease Parcel and the Improvements by giving notice of such termination to Homeowner and any Lender under a Deed of Trust.

22.1.2 Lender's Rights. Notwithstanding anything to the contrary in this Sublease, SA shall not take any action to terminate this Sublease due to any default or breach on the part of Homeowner if any Lender under a Deed of Trust:

a. within thirty (30) days after the giving of notice to the Lender by SA of SA's intention to terminate this Sublease for such default or breach, shall cure such default or breach if the same can be cured by the payment or expenditure of money; or

b. shall diligently take action to obtain possession of the Sublease Parcel (including possession by receiver) and to cure such default or breach in the case of a default or breach that cannot be cured unless and until the Lender has obtained possession; or

c. if such default or breach is not curable as provided under subsection 22.1.2.a or 22.1.2.b, shall institute and complete judicial or nonjudicial foreclosure proceedings or otherwise acquire Homeowner's interest with due diligence, and keep and perform all of the covenants and conditions of this Sublease requiring the payment or expenditure of money by Homeowner until such time as Homeowner's interest shall be sold upon foreclosure pursuant to the Deed of Trust or shall be released or reconveyed thereunder, provided that Lender shall not be required to continue such action for possession or such foreclosure proceedings if such default or breach shall be cured by Homeowner, and provided, further, that if such Lender shall fail or refuse to comply with the conditions of this subsection, SA shall be released from the covenant of forbearance set forth in this subsection.

Notwithstanding, anything else herein to the contrary, SA shall not terminate this Sublease due to any default or breach on the part of a Homeowner, which does not involve the payment of Transfer Fees, Additional Rent, Fines or other monetary obligations hereunder, unless SA first pays all sums due a Lender and obtains from such Lender an assignment of the Note and Trust Deed from such Homeowner.

### **22.2 Remedies of SA.**

22.2.1 Recovery. If SA terminates this Sublease in accordance with the provisions of Section 22.1, SA may recover from Homeowner: (i) unpaid Rent earned at the time of termination, which termination shall be treated as if an assignment of the Sublease Parcel and

a sale of the Improvements had occurred; (ii) all other amounts then owed to SA; and (iii) any other amount necessary to compensate SA for all the detriment proximately caused by Homeowner's failure to perform his or her obligations under this Sublease.

22.2.2 Actions by SA. Efforts by SA to mitigate any damages caused by Homeowner's breach of this Sublease shall not be treated as a waiver of SA's right to recover damages under this Section 22.2. Nothing in this Section 22 shall affect the right of SA to be indemnified, defended and held harmless for any liability arising prior to the termination of this Sublease for death, personal injury or property damage as provided in this Sublease. No initial action shall be brought under this Section 22 more than four (4) years after any breach of the Sublease by Homeowner that is known to SA, or more than four (4) years after the termination of Homeowner's right to possession of the Unit, whichever is earlier.

22.2.3 Late Fee. If any Additional Rent or Transfer Fee is not paid within fifteen (15) days of the due date, Homeowner shall pay a late fee of Fifty Dollars (\$50). In addition, if any Additional Rent is not paid when due it shall bear interest at the maximum interest rate allowed by law from the due date until the date received by SA; provided, however, that payment of any late fee pursuant to this Section shall not excuse or cure any default by Homeowner under this Sublease. Any late charge or interest due hereunder shall be payable as Additional Rent.

**22.3 No Waiver.** No waiver by SA at any time of any provision of this Sublease or any other sublease shall be deemed a waiver at any subsequent time of the same or any other provision of this Sublease, nor of the strict and prompt performance required under this Sublease. No option, right, power, remedy or privilege of SA shall be construed as being exhausted or discharged by its exercise in one or more instances. Each of the rights, powers, options or remedies given SA by this Sublease are cumulative and no one of them is exclusive of the other or exclusive of any remedies provided by law, and the exercise of one right, power, option or remedy by SA shall not impair the right to use any other.

**22.4 Attorneys' Fees.** In the event of any claim, dispute or controversy arising out of or relating to this Sublease, including an action for declaratory relief, the prevailing party in such action or proceeding shall be entitled to recover his court costs and reasonable out-of-pocket expenses not limited to taxable costs, including but not limited to phone calls, photocopies, expert witness, travel, etc., and reasonable attorneys' fees to be fixed by the court. Such recovery shall include court costs, out-of-pocket expenses and attorneys' fees on appeal, if any. The court shall determine who is the "prevailing party," whether or not the dispute or controversy proceeds to final judgment. If either party is reasonably required to incur such out-of-pocket expenses and attorneys' fees as a result of any claim arising out of or concerning this Sublease or any right or obligation derived hereunder, then the prevailing party shall be entitled to recover such reasonable out-of-pocket expenses and attorneys' fees whether or not an action is filed.

## **22.5 Default by SA.**

22.5.1 No Termination of Sublease by CSU. CSU has agreed not to take any action to terminate this Sublease because of any default or breach on the part of SA under the Lease.

22.5.2 Non-Disturbance and Attornment. In the event CSU terminates the Lease because of a default by SA, CSU has agreed that this Sublease shall continue in full force and effect to the extent that Homeowner is not then in default hereunder and agrees to fulfill the terms of this Sublease and to recognize CSU as the sublessor under this Sublease. CSU has agreed, if requested by Homeowner, to execute a Non-Disturbance and Attornment Agreement in favor of Homeowner.

**22.6 Failure of Homeowner to Perform Required Acts.** If at any time during the term of this Sublease Homeowner fails or refuses to perform any actions required of Homeowner hereunder, including abiding by the Regulations, SA shall have the right but not the obligation to perform the same, but at the cost of and for the account of Homeowner, provided that SA shall in no case take such action sooner than thirty (30) days after giving Homeowner written notice of such failure or refusal, and allowing such period within which Homeowner may commence a bona fide effort to cure the same. The amount of any money expended by SA pursuant to this Section 22.6, together with interest at the Interest Rate, shall be repaid to SA by Homeowner upon demand. Nothing contained in this Section 22.6 shall diminish the rights of SA with regard to defaults under Section 22.1 or with regard to remedies under Section 22.2 of this Sublease or as granted SA in the Regulations.

**22.7 Lender's Rights.** In the event that any Lender acquires an interest under this Sublease by foreclosure or deed in lieu of foreclosure, then such Lender shall be entitled to the same rights and subject to the same requirements and restrictions as Homeowner as set forth in this Section 22.

## **23. END OF TERM.**

**23.1 Surrender of Sublease Parcel.** Upon the expiration or sooner termination of this Sublease, Homeowner shall quit and surrender the Sublease Parcel and the other Improvements to SA or to CSU, as appropriate, without further obligation on the part of either party to this Sublease, free and clear of all liens and encumbrances other than easements created by or with the approval of SA. Upon the expiration or sooner termination of this Sublease, title to and ownership of the Unit and the Improvements shall automatically vest in SA or CSU, as appropriate, without the execution of any further instrument and without the payment of any consideration to Homeowner.

**23.2 Right to Remove Personal Property.** Upon the expiration or sooner termination of this Sublease, Homeowner shall have the right to remove any and all of Homeowner's personal property (but not any attached appliances, wall or window coverings, lighting fixtures, security systems or other fixtures) from the Unit, provided that Homeowner shall be responsible for any resultant damage to the Unit. Any personal property that is not removed by the Expiration Date or termination date, as applicable, shall become the property of SA or CSU, as appropriate.

## **24. CONDEMNATION.**

**24.1 Restoration Not Possible.** If during the term of this Sublease, the entire Sublease Parcel shall be taken as a result of the exercise of the right of eminent domain, or if less than the entire Sublease Parcel shall be taken, but it shall be determined by SA that the

Improvements cannot at a reasonable expense be repaired, restored or replaced to a condition suitable for residential purposes, Homeowner, at Homeowner's option, may terminate this Sublease as of the date of such taking, and the rights of CSU, SA and Homeowner in and to the award upon any such taking shall be determined in accordance with Section 24.4.

**24.2 Restoration Possible.** If less than the entire Sublease Parcel shall be taken as a result of the exercise of the right of eminent domain and it shall be determined by SA that the Improvements can be repaired, restored or replaced to a condition suitable for residential purposes, this Sublease shall not terminate but shall continue in full force and effect for the remainder of its term; provided, however, that Base Rent shall be equitably adjusted by SA to reflect any decrease in the size of the Sublease Parcel. The rights of CSU, SA and Homeowner in and to the award upon any such taking shall be determined in accordance with Section 24.4. To the extent condemnation proceeds are available to Homeowner, Homeowner shall assign and deliver such proceeds to SA, and SA shall then, with due diligence, restore, repair and replace that portion of the Improvements not so taken to a condition suitable for residential purposes, having due regard for the design, construction and character of the Improvements existing before such taking and shall attempt to make such repairs within six (6) months, but may take such longer time as is reasonably required.

**24.3 Temporary Taking.** If all or any portion of the Sublease Parcel or the Improvements shall be taken by the exercise of the right of eminent domain for governmental occupancy for a limited period of time, this Sublease shall not terminate and Homeowner shall continue to perform and observe all of his or her obligations as though such taking had not occurred, except to the extent that Homeowner may be prevented from so doing by reason of such taking. Homeowner shall in no event be excused from the payment of Rent and all other sums and charges required to be paid under this Sublease.

**24.4 Award.** If all or a portion of the Sublease Parcel shall be taken by exercise of the right of eminent domain, the total award in any such proceeding or for any such injury or reduction in value shall be determined as follows:

24.4.1 In the event of any taking that results in the termination of this Sublease in accordance with the provisions of this Section 24, then CSU, SA and, subject to the rights of any Lender, Homeowner shall be entitled to prosecute claims in such condemnation proceedings for the value of their respective interests in the Sublease Parcel and Improvements.

24.4.2 In the event of any taking of a portion of the Sublease Parcel or of the Improvements that does not result in the termination of this Sublease in accordance with the provisions of this Section 24, then CSU, SA and, subject to the rights of any Lender, Homeowner shall be entitled to prosecute claims in such condemnation proceedings for the value of their respective interests affected by such taking.

**24.5 Definition.** As used in this Section 24, the phrase "taken as a result of the exercise of the right of eminent domain" shall mean a taking or damaging by eminent domain, or by inverse condemnation, or by deed or transfer in lieu thereof, for any public or quasi-public use under any statute or law. At Homeowner's election, the taking shall be considered to have taken place as of the earlier of (i) the date actual physical possession is taken by the condemnor; (ii) the

date on which the right to compensation and damages accrues under the applicable law; or (iii) the date on which title vests in the condemnor.

**24.6 Lender's Rights.** In the event that any Lender acquires an interest under this Sublease by foreclosure or deed in lieu of foreclosure, then such Lender shall be entitled to the same rights and subject to the same requirements and restrictions as Homeowner as set forth in this Section 24. In the event the Lender is entitled under the Note and/or Deed of Trust from the Homeowner to be paid any condemnation proceeds to which Homeowner is entitled by reason of the taking of the Unit, then nothing in this Sublease shall be deemed as interfering with the right of the Lender to be paid such condemnation proceeds.

## **25. MISCELLANEOUS.**

**25.1 Force Majeure.** If either party shall be delayed or prevented from the performance of any act required by this Sublease by reason of acts of God, strikes, lockouts, labor troubles, inability to secure materials, or other cause, without fault and beyond the reasonable control of the party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay, provided that nothing in this Section 25.1 shall excuse Homeowner from the prompt payment of any Rent or other charge required of Homeowner. The party delayed or prevented from the performance of any act shall notify the other of such delay or prevention within ten (10) days of its inception, and shall thereafter keep such party regularly informed of the status of such delay or prevention.

**25.2 Time of the Essence.** The parties agree that time is of the essence in this Sublease and, accordingly, that the time limits stated in this Sublease shall be strictly observed.

**25.3 Binding Effect.** The provisions of this Sublease shall bind the heirs, executors, administrators, successors and assigns of the original parties to this Sublease, provided that nothing in this Section 25.3 shall be deemed to authorize or permit the assignment of any interest in this Sublease other than in strict compliance with the provisions of this Sublease.

**25.4 Notices.** All notices required to be given under this Sublease shall be in writing and shall be deemed to have been given when hand delivered to the addressee or deposited in the United States mail properly addressed to the addressee with postage prepaid in certified or registered form, return receipt requested.

25.4.1 All notices to CSU shall be delivered or mailed to the Trustees of the California State University, 400 Golden Shore, Long Beach, California 90802; with copies to (i) Office of the General Counsel, California State University, 400 Golden Shore, Long Beach, California 90802, (ii) Office of the President, California State University, Channel Islands, One University Drive, Camarillo, California 93012, and (iii) such other person or place as CSU may from time to time direct.

25.4.2 All notices to SA shall be delivered or mailed c/o University Glen Corporation, 45 Rincon Avenue Suite #104-A, Camarillo, California 93012, with a copy or copies to (i) Office of the President, California State University, Channel Islands, One University

Drive, Camarillo, CA 93012, and (ii) such other person or place as SA may from time to time direct.

25.4.3 All notices to Homeowner shall be delivered or mailed to such address as Homeowner has designated below his or her signature on this Sublease or to such other address as Homeowner shall designate from time to time to CSU and SA by notice delivered in accordance with this Section 25.4.

25.4.4 In the event that SA has been notified of the interest of a Lender pursuant to Section 21.2 of this Sublease, then any notice sent to CSU, SA or Homeowner shall be effective and deemed given only if a copy of such notice is simultaneously hand delivered or sent to such Lender by registered or certified mail, return receipt requested, at an address previously provided by Homeowner or such Lender.

**25.5 Memorandum of Sublease.** Concurrently with the execution of this Sublease, the parties shall execute, acknowledge and record through Escrow Holder a Memorandum of Sublease in the form attached hereto as Exhibit F.

**25.6 Nonmerger of Fee and Leasehold Estates.** In the event that during the term of this Sublease, CSU's fee interest in the Leasehold Parcel and any subordinate leasehold interest in the Leasehold Parcel become vested in the same owner or both SA's leasehold interest in the Sublease Parcel and any subordinate subleasehold interest of Homeowner in the Sublease Parcel become vested in the same owner, neither the Lease nor this Sublease shall be extinguished by application of the doctrine of merger except at the express election of such owner.

**25.7 Captions, Gender and Number.**

25.7.1 The captions used in this Sublease are for convenience only and are not a part of this Sublease and do not in any way limit or amplify its terms or provisions.

25.7.2 As used in this Sublease, the use of one gender shall include the other and the use of the singular shall include the plural, and vice versa, as the context may require. If Homeowner consists of more than one person, the covenants, obligations and liabilities of Homeowner shall be the joint and several covenants, obligations and liabilities of such persons.

**25.8 Governing Law and Construction.** This Sublease shall be constructed and interpreted in accordance with and governed by the laws of the State of California. The language in all parts of this Sublease shall be construed according to its fair meaning and not strictly for or against SA or Homeowner.

**25.9 CSU as Third-Party Beneficiary.** CSU is expressly made a third-party beneficiary of this Sublease and is entitled to instigate or intervene in any action or proceeding to enforce the provisions of this Sublease.

**25.10 Unenforceability or Invalidity of Provision.** In the event and to the extent that any provision of this Sublease should be found invalid, void or unenforceable by a court of competent jurisdiction, or is so rendered by legislative or administrative action, the

validity of the remainder of this Sublease shall not be affected and shall remain in full force and effect as if this Sublease had been executed with the portion held to be invalid, void or unenforceable eliminated. To accomplish the intentions of the parties as expressed in this Sublease, the parties shall, if necessary, conclude a modification to this Sublease, on terms that are reasonable and that will accomplish as nearly as possible the original intention of the parties as reflected in the portion held to be invalid, void or unenforceable.

### **25.11 Entire Agreement; Amendments.**

25.11.1 This Sublease contains all of the agreements between SA and Homeowner relating in any manner to the subject matter of this Sublease. No prior agreement or understanding with respect to the same shall be valid or of any force or effect, and, except as expressly provided in this Sublease or the Regulations, no provision of this Sublease shall be altered or added to, except in writing, signed by SA and Homeowner, and with the written consent of any Lender of Homeowner. No representation, inducement or understanding of any nature made, stated or represented on behalf of either party to this Sublease, either orally or in writing, has induced the other party to enter into this Sublease, except as set forth in this Sublease.

25.11.2 SA reserves and maintains the right to amend the provisions of the Lease without the approval of Homeowner or the written consent of any Lender of Homeowner, and such amendment shall be deemed incorporated into this Sublease, except that any such amendment shall require the prior written approval of not less than sixty-six and two thirds percent (66-2/3%) of all Persons who are then sublessees under subleases for Sublease Parcels and at least fifty-one percent (51%) of their Lenders, if such amendment would (i) reduce the term of the Lease, (ii) effectively alter the rights and/or obligations of Homeowner and/or Lender under Sections 4 (other than with respect to calculations of Pro Rata Share), 6.2.2, 8.1, 13, 16, 17, 18, 20.6, 21, 22, 24 or 25.11.2 of this Sublease, or (iii) effectively alter any other provisions of this Sublease that expressly reference and benefit a Lender.

**25.12 Amendments to Parcel Descriptions.** SA shall have the right from time to time to amend the description of the Sublease Parcel, the Leasehold Parcel and/or other Sublease Parcels and/or the Common Area; provided, however, that no amendment shall alter the boundaries of Homeowner's Sublease Parcel without the approval of Homeowner.

**25.13 Assignment and Delegation by SA.** Notwithstanding any other provision of this Sublease, SA reserves the right to assign and delegate its rights and duties under this Sublease.

**25.14 Exhibits.** All of the Exhibits to this Sublease are incorporated by reference in this Sublease and shall, together with the Sublease, be deemed one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Sublease as of the date first above written.

CALIFORNIA STATE UNIVERSITY  
CHANNEL ISLANDS SITE AUTHORITY

HOMEOWNER

By: University Glen Corporation, a California  
non-profit corporation, its authorized agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
Address

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
City State Zip



## **EXHIBIT LIST**

<b><u>Exhibit</u></b>	<b><u>Description</u></b>
Exhibit A	Leasehold Parcel
Exhibit B	Approved Capital Improvements
Exhibit C	Calculation of Pro Rata Share
Exhibit D	List of Approved Title Exceptions
Exhibit E	Regulations
Exhibit F	Memorandum of Sublease and Grant Deed to Improvements

**EXHIBIT A**  
**TO GROUND SUBLEASE**

**Leasehold Parcels**

LOTS 1 THRU 162 AND LOTS 279 THRU 524, LOTS A THRU S, LOTS AC THRU AZ, LOTS BA THRU BG, AND LOTS BI THRU BQ, AND LOT BS OF SUBDIVISION MAP NO. 1 IN THE COUNTY OF VENTURA, STATE OF CALIFORNIA, AS PER MAP RECORDED JULY 6, 2001 IN BOOK 143 PAGES 48 THRU 86 INCLUSIVE OF MISCELLANEOUS RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

LOTS 163 THRU 278, LOTS T THRU Z, AA, AB, BH AND BR OF SUBDIVISION MAP NO. 2 IN THE COUNTY OF VENTURA, STATE OF CALIFORNIA, AS PER MAP RECORDED ON APRIL 20, 2004 IN BOOK 150 PAGES 14 THRU 22 INCLUSIVE OF MISCELLANEOUS RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

**EXHIBIT B**  
**TO GROUND SUBLEASE**

**Approved Capital Improvements**

The following is the initial list of Approved Capital Improvements:

**INTERIOR IMPROVEMENTS**

**EXTERIOR IMPROVEMENTS**

Description \_\_\_\_\_

Description \_\_\_\_\_

Additional bathroom  
Appliances  
Plumbing fixtures  
Plumbing upgrades  
Sauna  
Vacuum system  
Wet bar  
Shower door/tub enclosure  
Hand surface floor covering (tile,  
marble, etc.)  
Mirrored wardrobe doors  
Heating & air conditioning  
Fireplace  
Electrical wiring  
Lighting fixture upgrades  
Insulation  
Carpentry  
Cabinets  
Hardware  
Wall additions  
Door additions  
Intercom  
Window additions  
Flooring  
Carpet  
Counter top upgrades  
Wall coverings  
Garage storage  
Closet system  
Security system  
Plantation Window Shutters

Deck-wood  
Storage facility  
Rain gutter  
Brickwork  
Solar panels  
Walkway  
Patio  
Patio cover  
Gas fire pit  
Permanent built-in barbecue

**EXHIBIT C**  
**TO GROUND SUBLEASE**

**Calculation of Pro Rata Share**

**(TO BE ATTACHED)**

**EXHIBIT D**  
**TO GROUND SUBLEASE**

**List of Approved Title Exceptions**

**(TO BE ATTACHED)**

**EXHIBIT E**  
**TO GROUND SUBLEASE**

**PROPERTY USE AND MAINTENANCE REGULATIONS**

**UNIVERSITY GLEN RESALES**

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**UNIVERSITY GLEN PHASE 2A/B**  
**Property Use and Maintenance Regulations**

By purchasing a home at University Glen, each Homeowner has made a substantial investment in and a commitment to the development of an on-campus community that will remain a pleasant and enjoyable place in which to live. The following Regulations are designed to ensure that University Glen remains an esthetically pleasing and attractive community and that property within the community is not used in any way that would adversely affect the quality of community life for all Homeowners.

The California State University Channel Islands Site Authority, an authority of the State of California (the “Site Authority”), retains ultimate responsibility for enforcement of these Regulations and the Ground Sublease with all Homeowners under which they are promulgated, although the Homeowners Advisory Council (“HAC”) has input into certain processes as stated below. The day-to-day functions of the Site Authority are intended to or have been delegated to the University Glen Corporation, a California nonprofit corporation, to perform as the Site Authority’s agent.

**ARTICLE I**  
**DEFINITIONS**

As used in these Regulations, all capitalized terms shall, unless otherwise indicated, have the same meanings as set forth in the Ground Sublease to which these Regulations are attached. In addition:

**1.1** “Architectural Guidelines” means the Architectural Guidelines, as amended from time to time by the Site Authority, as provided in Article VI of these Regulations;

**1.2** “Building Code” means the latest edition of the Uniform Building Code as used by CSUCI, with such modifications, exclusions, or supplements/replacements as the HAC may, from time to time, permit or require;

**1.3** “Courtyards” means the landscaped area adjacent to the homes and separated from adjacent landscaped areas by walls or hedges;

**1.4** “Common Areas” means all land areas in University Glen located outside exterior walls of the buildings constructed on the Lots, whether improved with homes or apartments, including all streets, street mediums, sidewalks, recreational amenities, open space areas, playing fields, or other landscaped areas;

**1.5** “CSUCI” means the California State University Channel Islands.

**1.6** “HAC” means the Homeowners Advisory Council established pursuant to Section 5.1 of these Regulations;



1.7 “Homeowner” means the Ground Sublessee of any Lot;

1.8 “Landscaping” means any plant material and any hardscape (such as rocks, either real or simulated, outdoor lighting, or waterfalls);

1.9 “Leasehold Property” means all of the property subject to the Lease by and between the Site Authority and Trustees of California State University Channel Island (“CSU”);

1.10 “Lot” or “Lots” means any lot as shown on the Community Development Area Subdivision Map No. 1, subject to a Ground Sublease to a Homeowner;

1.11 “Regulations” means these Property Use and Maintenance Regulations;

1.12 “Site Authority” means the California State University Channel Islands Site Authority, an authority of the State of California. In the context of approvals, the Site Authority means the Site Authority Board, or its appointed designee, or the University Glen Corporation;

1.13 “Statement of Compliance” means any Statement of Compliance issued by the Site Authority pursuant to the provisions of Section 2.6 of these Regulations; and

1.14 “Structure” means (i) any thing or object, the placement of which upon any Lot may affect the appearance of such Lot from any vantage point outside the home constructed on such Lot, including by way of illustration and not limitation, any building or part thereof, garage, porch, shed, greenhouse, bathhouse, coop or cage, covered or uncovered patio, swimming pool, spa, fence, curbing, paving, wall, sign, signboard, temporary or permanent living quarters (including any modular house, mobile-home or trailer), or any other temporary or permanent improvement to such Lot, and (ii) any excavation, grading, fill, ditch, diversion dam, concrete installation, or other thing or device that affects or alters the natural flow of surface waters from, upon, or across any Lot, or that affects or alters the flow of any waters in any natural or artificial creek, stream, wash, or drainage channel from, upon, or across any Lot.

## **ARTICLE II**

### **RESTRICTIONS RESPECTING CONSTRUCTION AND IMPROVEMENTS**

#### **2.1 Submission of Plans and Specifications.**

a. No Structure, or Landscaping, shall be commenced, erected, placed, moved onto, or permitted to remain on any Lot, nor shall any existing Structure upon any Lot be altered in any way that (i) affects the exterior appearance of any Structure or Lot or (ii) affects the structural integrity of any Structure, unless plans and specifications therefor shall have been submitted to the HAC for a recommendation to the Site Authority for approval, and such plans and specifications have been approved in writing by the Site Authority. Such plans and specifications shall be in such form and shall contain such information as is required in the Architectural Guidelines contained in Article VI hereof.

b. All plans and specifications submitted pursuant to Section 2.1a shall be submitted, reviewed and accepted or rejected by the HAC and the Site Authority in accordance with the procedures set forth in Sections 5.5 and 5.6 of these Regulations.

**2.2 Notices to Adjoining Homeowners.** Although the approval of Homeowners of adjoining Lots is not required as a condition of approval of particular plans and specifications, such adjoining Homeowners must be advised of the proposed work for which approval is sought and be given an adequate opportunity to file comments with the Site Authority with respect to such work. No application for approval by the Site Authority shall be considered complete unless accompanied by evidence, in such form as the Site Authority finds acceptable, that adjoining Homeowners have been notified concerning the pending application.

**2.3 Approval of Plans and Specifications.** Upon approval by the Site Authority of any plans and specifications submitted pursuant to these Regulations, a copy of such plans and specifications, as approved, shall be deposited for permanent record with the Site Authority, and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. Approval for use in connection with any Lot or Structure of any plans and specifications shall not be deemed a waiver of the Site Authority's right, in its sole discretion, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features, or elements are subsequently submitted for use in connection with any other Lot or Structure. Approval of any such plans and specifications relating to any Lot or Structure, however, shall be final as to that Lot or Structure and such approval may not be revoked or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specifications, as approved, and any conditions attached to any such approval.

**2.4 Disapproval of Plans and Specifications.**

a. Subject to the provisions of Section 2.4b, the Site Authority shall have the right to approve or disapprove any plans and specifications submitted pursuant to these Regulations in its sole discretion. However, it may disapprove of the same because of any of the following:

(i) The failure to include information in such plans and specifications as may have been reasonably requested;

(ii) The failure of such plans and specifications to comply with the Building Code, these Regulations, or the Architectural Guidelines;

(iii) A negative recommendation of the HAC; or

(iv) Any other matter which, in the judgment of the Site Authority, would be likely to cause the proposed installation, construction, or alteration of a Structure (A) to fail to be in harmony of external design and general quality with the existing Structures on the Leasehold

Property, or (B) as to location, to be incompatible with topography, finished ground elevation, and surrounding Structures, or the use thereof by the occupants.

b. In any case in which the Site Authority shall disapprove any plans and specifications submitted hereunder, or shall approve the same only as modified or upon specified conditions, such disapproval or qualified approval shall be accompanied by a statement of the grounds upon which such action was based. In any such case the Site Authority shall, if requested, make reasonable efforts to assist and advise the applicant in order that an acceptable proposal may be prepared and submitted for approval.

c. The HAC shall recommend approval or disapproval of the plans and specifications within thirty (30) days after the submittal is deemed complete. The Site Authority shall approve or disapprove the plans and specifications within thirty (30) days after receipt of the complete submittal and with any approval shall indicate whether the planned work is deemed as an Approved Capital Improvement entitling the Homeowner to include the cost in the calculation of the Maximum Resale Price when the home is sold.

**2.5 Inspection Rights.** To ascertain whether the installation, construction, alteration, or required maintenance of any Structure is in compliance with the provisions of these Regulations, as well as with any approvals or conditional approvals of the Site Authority, any employee or agent of the Site Authority may, after reasonable notice to the Homeowner concerned and at any reasonable time, enter upon any Lot (but not the interior of any housing unit), with or without members of the HAC, and/or the Site Authority. Neither the HAC, the Site Authority, nor any employee or agent of either shall be deemed to have committed a trespass or other wrongful act solely by reason of such entry or inspection, provided that such inspection is carried out in accordance with the terms of this Section 2.5.

**2.6 Statement of Compliance.**

a. Upon completion of the installation, construction, or alteration of any Structure in accordance with plans and specifications approved by the Site Authority, the Site Authority shall, upon written request of the Homeowner owning such Structure or upon the Site Authority's own initiative, issue a Statement of Compliance, identifying such Structure and the Lot upon which such Structure is placed, and stating that the plans and specifications have been approved and that such Structure complies with such plans and specifications. A copy of said Statement of Compliance shall be filed for permanent record with the plans and specifications on file with the Site Authority.

b. Any Statement of Compliance issued in accordance with the provisions of this Section 2.6 shall be prima facie evidence of the facts therein stated; and as to any purchaser or encumbrancer in good faith and for value, or as to any title insurer, such Statement of Compliance shall be conclusive evidence that all Structures on the Lot comply with all the requirements of this Article II, provided that the Statement of Compliance shall in no way be construed to certify the acceptability, sufficiency, or approval by the Site Authority of the actual construction of Structures or of the workmanship pertaining thereto, or to represent or warrant to

anyone the quality, function, or operation of the Structures or of any construction, workmanship, engineering, materials, or equipment related thereto.

**2.7 Fees.** The Site Authority may impose and collect reasonable and appropriate fees from each applicant seeking its approval pursuant to the provisions of these Regulations to cover the Site Authority's costs of operation, including but not limited to (i) the cost of examination of any plans and specifications submitted for approval pursuant to these Regulations, (ii) the cost of inspections or tests performed pursuant to Section 2.5, and (iii) reimbursements to members of the HAC for costs in performing services pursuant to Section 5.3. Such fees shall be established from time to time by the Site Authority and made available to all Homeowners.

### **ARTICLE III** **RESTRICTIONS RESPECTING USE AND MAINTENANCE**

#### **3.1 Conformity to Building Code.**

a. No construction may be undertaken and no Structure may be erected on any Lot unless such construction and Structure conform to the requirements of the Building Code, if applicable, and are approved by the Site Authority.

b. To ensure compliance with the Building Code, as directed by the Site Authority, all Structures on the Leasehold Property and all work related thereto shall be subject to plan checks, inspections, and tests by such plan check providers and inspectors as the Site Authority may designate. Such plan checks, inspections, and tests shall be paid for by the Homeowners concerned.

**3.2 Interference with Quiet Enjoyment of Others.** No use of any Lot shall be permitted which creates a nuisance or which, in the judgment of the Site Authority or its designee, interferes with the quiet enjoyment of the Homeowners residing on other Lots or of persons using the Common Areas.

#### **3.3 Solid Waste.**

a. No person shall dump rubbish, garbage, or any other form of solid waste on any Lot or the Common Areas.

b. No person shall burn rubbish, garbage, or any other form of solid waste on any Lot or the Common Areas.

c. Except for building materials employed during the course of construction of any Structure approved by the Site Authority, no lumber, metals, bulk materials, or solid waste of any kind shall be kept, stored, or allowed to accumulate on any Lot or the Common Areas.

d. If rubbish, garbage, or any other form of solid waste is to be disposed of by being collected on a regular and recurring basis, containers may be placed in the open on any day that a pick-up is to be made, in order to provide access to persons making such pick-up. At all other times, such containers shall be screened or otherwise handled in a manner that may be set forth in the Architectural Guidelines. Guidelines relating to the type of containers permitted, the manner of storage, and the place of pick-up may also be included in the Architectural Guidelines.

**3.4 Excavation and Drilling.** No excavation shall be undertaken on any Lot without the prior written approval of the Site Authority. Likewise, no Lot may be used for the purpose of drilling for or removing water without the prior written approval of the Site Authority.

**3.5 Drainage and Erosion Control.**

a. All water drainage and runoff from any Structure on a Lot shall drain or flow only into adjacent streets or designated drainage areas and shall not be allowed to drain or flow upon, across, or under any other portion of the Leasehold Parcel unless an easement for such purpose has been granted.

b. No activity that may create erosion or siltation problems shall be undertaken on any Lot without the prior written approval of the Site Authority of plans and specifications for the prevention and control of such erosion or siltation. The Site Authority may, as a condition of approval of such plans and specifications, require the use of certain means of preventing and controlling such erosion or siltation. Such means may include, for example and without limitation, physical devices for controlling the runoff and drainage of water, special precautions in grading and otherwise changing the natural landscape, and required landscaping as provided in Section 3.6. Guidelines for the prevention and control of erosion and siltation may be included in the Architectural Guidelines.

**3.6 Chemical Fertilizers, Herbicides and Pesticides.** No chemical fertilizers, herbicides, or pesticides shall be used on any part of the Leasehold Property, except products that are available for consumer use through retail sources; are approved by the appropriate federal, state, and local governmental agencies; and are used in conformity with manufacturer's directions and for the purposes approved by such governmental agencies, and are used exclusively within the Courtyards.

**3.7 Signs.**

a. No signs whatsoever (including but not limited to commercial and similar signs) shall, without the Site Authority's prior written approval of plans and specifications therefor, be installed, altered, or maintained on any Lot, or on any portion of a Structure visible from the exterior thereof, except:

- (i) Such signs as may be required by legal proceedings;

(ii) Not more than one “For Sale” or “For Lease” sign, having a maximum face area of four (4) square feet; provided that if, at the time of any desired use of such sign, the Site Authority is making “For Sale” signs available for the use of the Homeowners, the signs made available by the Site Authority must be used, and further provided that such signs shall not be displayed until the Homeowner is free to market the unit for lease or sale after the Site Authority has been unable to lease or sell it for the prescribed time period to priority buyers under the procedures specified in the Ground Sublease; and

(iii) Directional signs for vehicular or pedestrian safety in accordance with plans and specifications approved by the Site Authority.

b. In no event during approved construction of any Structure shall more than one job identification sign be approved by the Site Authority. Neither shall any “Sold” sign at any time be installed or maintained on any Lot or on any portion of a Structure visible from the exterior thereof.

c. Exterior graphics that are incorporated in the design of any Structure shall require the prior written approval by the Site Authority of plans and specifications for such graphics.

**3.8 Setbacks.** In approving plans and specifications for any proposed Structure, the Site Authority may establish setbacks for the location of the Structure. No Structure shall be erected or placed on any Lot unless its location is consistent with such setbacks.

**3.9 Parking, Storage and Repair of Vehicles.**

a. The Site Authority shall have the right to regulate and/or prohibit the overnight parking of motor vehicles on streets within the Leasehold Property. The overnight parking or storage of any boat, trailer, recreational vehicle, camper, motorhome, truck, commercial vehicle, or any other vehicle too large to fit in a normal residential garage in any area within the Leasehold Property is prohibited.

b. No painting, repairing, or mechanical work, other than minor maintenance work and minor emergency repairs, shall be performed on any motor vehicle or boat on any Lot or on any portion of the Common Areas, except in a garage.

**3.10 Outside Storage.** Outside storage of personal property (other than typical patio furniture and BBQ’s) shall not be allowed on any Lot or in any Structure located thereon unless screened by enclosures, fences, or other devices for which plans and specifications have been approved by the Site Authority.

**3.11 Animals.** No animals, including birds, insects, and reptiles, regardless of size, shall be permitted on any Lot or in any Structure located thereon, except for (i) properly trained dogs needed by a blind, deaf or physically handicapped person, or (ii) a reasonable number of generally recognized house or yard pets used solely as household pets and not for commercial purposes. No animal shall be allowed to become a nuisance by virtue of noise or disposition,

and the Site Authority shall be empowered to order the removal of any pet that, on the recommendation of the HAC, the Site Authority determines to be a nuisance. No Structure for the care, housing, or confinement of any animal shall be constructed or altered on any Lot unless plans and specifications for said Structure have been approved by the Site Authority. All pets must be restrained by leashes, except while inside the home or in the enclosed areas of the Lot, and must be licensed with the Ventura County Animal Regulation Department. The Site Authority may require the Homeowner to enter into a Pet Agreement prior to permitting any animal on the Leasehold Property.

**3.12 Poles and Wires.** Except during approved construction or on a temporary basis as approved by the Site Authority, no poles or wires for the transmission of electricity, telephone messages, or the like shall be installed on any Lot or on any Structure located thereon above the surface of the ground.

**3.13 Window Coverings.** Windows in any Structure on any Lot may be covered only by drapes, shades, blinds, or shutters and may not be painted or covered by aluminum foil, cardboard, or any other material prohibited by the Site Authority in the Architectural Guidelines.

**3.14 Patios, Balconies and Courtyards.** Without the express approval of the Site Authority, nothing shall be placed or kept on or in any patio, balcony, or courtyard that is visible from any other Lot or from any portion of the Common Areas other than furniture that is designed as patio furniture; facilities for barbecuing or any other outdoor cooking; and Landscaping.

**3.15 Water Softeners.** Any water softener installed on any Lot must be serviced on a periodic basis and operated in strict compliance with requirements of the Site Authority.

**3.16 Pests.** No Homeowner shall permit any condition to exist on his or her Lot that shall induce, breed, or harbor infectious plant diseases or noxious insects or vermin.

**3.17 Solar Systems.** Each solar system collector unit shall be integrated into the design of the Structure in which it is installed, and the plans and specifications for each such unit shall be subject to review and approval by the Site Authority.

**3.18 Maintenance.** Each Homeowner shall keep and maintain each Lot and each detached Structure owned by him or her, as well as all Landscaping located in the Courtyards, in good condition and repair, including but not limited to (i) the repairing, replacement, maintenance and painting (or other appropriate external care) of all Structures that are detached units; (ii) the seeding, watering, and mowing of all grass in the Courtyards; and (iii) the pruning and trimming of all trees, hedges, shrubbery and other Landscaping in the Courtyards.

**3.19 Firearms.** Except as otherwise permitted under state law, firearms, and explosives or explosive devices are not permitted on the CSUCI campus (except by campus police). The term “firearms” includes “B-B” guns, pellet guns, and other firearms of all types, regardless of size.

**3.20 Criminal Activity.** Any Homeowner or guest or other person under the Homeowner's control shall not engage in criminal activity, including drug-related criminal activity, on or near the Leasehold Property. "Drug-related criminal activity" means illegal manufacture, sale, distribution or use of, or possession with intent to manufacture, sell, distribute or use, a controlled substance (as defined in Section 102 of the Controlled Substances Act (21 U.S.C. § 802)). All Homeowners and any member of a Homeowner's household, or a guest or other person under the Homeowner's control, shall not engage in any act of violence or threats of violence, including, but not limited to, the unlawful discharge of firearms, on or near the Leasehold Property.

**3.21 Rules and Regulations for the Common Areas.** Any Homeowner or guest or other person under the Homeowner's control shall abide by all rules and regulations that are now in effect, or that may be put into effect from time to time by the Site Authority for the Common Areas. The Site Authority shall enforce all such rules in a uniform and non-discriminatory manner. A copy of the most recent rules and regulations for the Common Areas are attached hereto as an Addendum.

#### **ARTICLE IV** **PARTY WALLS AND COMMON ROOF AREAS**

**4.1 General Rules of Law to Apply.** Each wall that is built as a part of the original construction of a Structure and placed on the dividing line between Lots under different ownership shall constitute a party wall, and each roof area that covers portions of one Structure located on two or more Lots under different ownership shall constitute a common roof area. To the extent not inconsistent with the provisions of this Article IV or with the Site Authority's exclusive easement for the maintenance and repair of exterior surfaces and roof areas of attached units as provided in the Ground Sublease, the general rules of California law regarding party walls and common roof areas and liability for property damage due to negligence or willful acts or omissions shall apply to each such party wall and common roof area.

**4.2 Sharing of Repair, Maintenance and Replacement of Party Walls.** Subject to the provisions of the Ground Sublease, the cost of reasonable repair and maintenance of a party wall shall be shared by the Homeowners who make use of such wall in proportion to such use, unless damage to the party wall has been caused by the willful act or negligence of fewer than all of such Homeowners, in which case the cost of reasonable repair and maintenance shall be the responsibility of those Homeowners causing the damage.

Subject to the provisions of the Ground Sublease, if a party wall is destroyed or damaged by fire or other casualty, any Homeowner who shares its use may restore it, and the other Homeowners sharing its use shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the right of any such Homeowner to call for a larger contribution from the other Homeowner under any rule of law regarding liability for negligent or willful acts or omissions.



Notwithstanding any other provision of this Article IV, a Homeowner who, by his negligent or willful act, causes an interior party wall to be exposed to the elements, including but not limited to rain, shall bear the whole cost of repair and providing waterproofing or other necessary protection against such elements.

**ARTICLE V**  
**HOMEOWNERS ADVISORY COUNCIL**

**5.1 Establishment and Composition.**

a. The HAC shall consist of five (5) members, no fewer than three (3) of whom shall be Homeowners.

b. The Site Authority, on an annual basis, shall conduct an election for the purpose of selecting members of the HAC. At such election, only Homeowners other than the Site Authority shall be permitted to vote.

c. At the first election, the three (3) persons receiving the highest number of votes shall be elected for two (2) years and the other two (2) shall have one (1)-year terms. Thereafter, all members of the HAC shall be elected for terms of two (2) years and shall be subject to removal during their terms by the Site Authority for cause or by a vote of the Homeowners (other than the Site Authority) for any reason. Members may be appointed to serve successive terms.

**5.2 Vacancies.** If any vacancy shall occur in the membership of the HAC by reason of death, resignation, removal, or otherwise, the remaining members shall continue to act and shall, within thirty (30) days after such vacancy occurs, appoint a successor member to fill the balance of the unexpired term. Any member may resign at any time by written notice to the Site Authority. If a majority of the remaining members have not appointed a successor by the end of such thirty (30)-day period, the Site Authority may do so.

**5.3 Officers and Compensation.**

a. The members of the HAC shall appoint a Chairman from among their number and may appoint from among their number such other officers and committees as may be required by law or as they shall from time to time determine.

b. The members of the HAC shall serve without compensation, provided that the Site Authority may reimburse the members for reasonable out-of-pocket expenses incurred in the performance of their duties as members to the extent that such expenses are not reimbursed by the HAC from the fees charged for its services pursuant to Section 2.7 of these Regulations. The foregoing shall not be construed as prohibiting or limiting the payment of compensation or expenses to any person who is a member of the HAC for services rendered to the Site Authority or the HAC in any other capacity.

**5.4 Conflicts of Interest.** No member of the HAC may participate in any decision of the HAC on a matter in which he has a direct or indirect personal, financial, professional or familial interest, or on a matter in which he or any firm with which he is associated has provided professional consultative services for a fee to any party whose application is before the HAC, provided that if two (2) or more members may not participate in the making of a decision because of disqualification as provided herein, the Site Authority shall name substitute members to act only on the matter resulting in the disqualification. For a period of one (1) year after his or her service on the HAC, no former member may represent any person before the HAC where that former member has previously participated in decisions affecting such person. Each member of the HAC shall inform the HAC in writing of any direct or indirect personal, financial, professional or familial relationship which he may have with any applicant within the Leasehold Property or with such applicant's builder or architect. Such disclosure shall be made within fifteen (15) days of any action by an applicant that makes the disclosure relevant, and shall be available for inspection by the Site Authority and by each Homeowner.

**5.5 Powers and Responsibilities of the HAC.**

a. The HAC shall review all applications for changes to the exterior of Structures or Landscaping, and the plans and specifications therefor, for completeness within ten (10) days of submittal and advise the Homeowner as to whether the submittal is deemed complete. Thereafter, the HAC shall recommend approval or disapproval to the Site Authority. If the HAC recommends approval of such application, the application shall be forwarded to the Site Authority for consideration. If the HAC recommends disapproval, such disapproval shall be final unless the Homeowner gives notice of appeal under Section 5.6d below.

b. The Site Authority shall meet and confer with the HAC before proposing modifications to these Regulations and the HAC shall provide comments on any proposed changes.

c. The HAC shall investigate and make recommendations to the Site Authority with respect to violations of these Regulations.

**5.6 Operations of the HAC.**

a. The HAC shall maintain both a record of votes and minutes for each of its meetings. The HAC shall routinely forward copies of all such records and minutes to the Site Authority and, additionally, shall make them available at reasonable places and times for inspection by each Homeowner.

b. In carrying out its functions under these Regulations, the HAC and the Site Authority shall be governed by the Architectural Guidelines described in Article VI. In applying the Architectural Guidelines, the HAC shall, as required, make findings, determinations, rulings and orders with respect to the conformity with the Architectural Guidelines of plans and specifications submitted for approval to the Site Authority pursuant to these Regulations. The HAC shall, as required, make recommendations, that may include specified requirements or conditions, pursuant to these Regulations.

c. The HAC shall be required to render recommendations on matters pending before it, within forty-five (45) days after the receipt by the HAC of such a request or application submitted by a Homeowner or prospective Homeowner, if the request or application is deemed complete in all respects by the HAC. If the HAC fails to act upon any request or application within the above-stated time period, such request or application shall be deemed to be recommended for approval.

d. Any applicant receiving a recommendation by the HAC that he or she deems to be unsatisfactory may file a written request to have such recommendation reviewed by the Site Authority. Such request shall be filed with the Site Authority within ten (10) days after the applicant's receipt of notice of such recommendation by the HAC. If the Site Authority, in its sole and absolute discretion, determines to review the recommendation made by the HAC, it shall conduct a hearing at which the applicant and the HAC shall be invited to present their respective positions. The Site Authority's decision after such hearing shall be final and binding with respect to any issue accepted for review. If the Site Authority fails to accept a matter for review within sixty (60) days after receiving a request from an applicant to do so, or if the Site Authority refuses to accept a matter for review, then the recommendation by the HAC with respect to such matter shall be final and binding.

e. The HAC may, from time to time, prepare and recommend for approval to the Site Authority any amendments to these Regulations that the HAC believes necessary or desirable.

## **ARTICLE VI**

### **ARCHITECTURAL GUIDELINES**

**6.1 General Purpose.** The general purpose of these Architectural Guidelines is to ensure that University Glen remains an aesthetically pleasing and attractive community for all of its residents by assuring that all buildings and other structures erected within the community will be complementary to the basic architectural character established by the Site Authority. By establishing these Architectural Guidelines, the Site Authority hopes to assure a continuity of concept and design that will preserve the quality of community life for all residents, and enhance the value of the investment each Homeowner has made in University Glen. By promulgating these Architectural Guidelines, it is not the intent of the Site Authority to unreasonably discourage variation in design or experimentation with innovative construction concepts or materials. At the same time, the Site Authority recognizes that some basic requirements must be imposed if the overall architectural character of University Glen is to be preserved. Before planning any specific construction of an improvement project, Homeowners are urged to contact the University Glen Corporation or members of the HAC to clarify any questions concerning these requirements. The Site Authority stands ready to provide whatever assistance it reasonably can to help achieve the Homeowner's objectives in a manner that is consistent with the interest of the overall community.

**6.2 Submittal Procedure and Requirements.** The procedures for obtaining approval of plans and specifications for modifications to structures or landscaping are described below.

**6.3 Plans and Specifications - General.** An application package must be submitted to the Site Authority, through the University Glen Corporation, for every proposed work project that (i) affects the exterior appearance of any Lot or of any Structure located on such a Lot or (ii) affects the structural integrity of any Structure located on a Lot or (iii) affects the drainage of the Lot.

a. Each application package must contain (as appropriate):

(i) A Property Improvement Application (available at the University Glen Corporation office);

(ii) A site plan showing the location of all proposed and existing Structures on the Lot, including building setbacks, open space, driveways, walkways, and parking spaces;

(iii) Exterior elevations of all proposed Structures and alterations to existing Structures;

(iv) Specifications of materials, color scheme, lighting scheme, and other details affecting the exterior appearance of all proposed Structures and alterations to existing Structures; and

(v) Detailed plans for Landscaping and grading.

b. The application package should be submitted at the University Glen Corporation office. It will be forwarded to the HAC for review. Two (2) complete sets of all plans are required for each submission.

c. Plans should, insofar as applicable, be prepared in accordance with the Building Code and with clarity and completeness. For work involving original construction or major additions or for work requiring variances from the provisions of the Regulations or these Architectural Guidelines, it is recommended that plans be submitted at the preliminary drawing stage for a preliminary review. This could save money should major revisions to the plans be required.

d. Each application package must be accompanied by written evidence that any Homeowners holding adjoining lots have been informed of the proposed work for which Site Authority approval is sought. (The Site Authority Property Improvement Application will set out more specifically the form of written evidence required.)

e. If the proposed construction work will require the use of Common Area property, whether for purposes of transporting materials or the temporary storage of materials or

otherwise, the application package to the Site Authority must be accompanied by a letter from the Site Authority granting permission for such “right of entry” during the course of construction. In such cases, as deemed necessary by the Site Authority or the HAC, a Security Deposit or bond may be required from the contractor to assure that any damage to the common area property will be restored. If the proposed construction work will involve any encroachment on any adjoining Lot, it will be necessary for you to enter into an agreement with the Homeowner(s) of such adjoining Lot respecting the use of such property, arrangements for indemnification, and the like.

**6.4 Architectural Standards.** In developing architectural designs that both express the Homeowner’s individuality and taste and contribute to the development and preservation of University Glen as an architecturally attractive community, it is important to consider the stylistic elements that constitute the design. Forms, colors, and materials should be derived from those present in the community and should be used in a way that does not result in too great a mixture of forms, colors, or materials on any Structure or surface. In addition, the following standards, guidelines and recommendations apply:

a. Roofs. No flat roofs will be permitted. Any new roof materials shall match existing materials.

b. Height Restrictions. Without specific approval of the Site Authority, no building or other Structure erected on any Lot (including any additions or improvements thereto) may exceed the height of the existing housing unit constructed on such Lot.

c. Materials and Colors. Colors and materials shall match those existing, or Site Authority preapproved palettes. Exterior painting of any dwelling unit or other Structure must be approved in advance by the Site Authority unless the repainting is of the same color as previously approved by the Site Authority.

d. Room Additions and Accessory Structures.

(i) Structural or material additions or alterations to the exterior must conform to the materials and colors of the existing building or Structure.

(ii) Balconies and room additions to existing buildings will not be approved.

(iii) All patio structures, sunshades, arbors, trellises, gazebos, atriums, and other accessory Structures shall conform to the following requirements:

A. All such Structures shall be consistent with the architectural character of the dwelling unit to which they are attached or adjacent.

B. All such Structures, including their roofs, shall be constructed of materials compatible with those used in the dwelling unit to which they are attached or adjacent.

C. All such Structures shall be stained or painted so as to match the color of the dwelling unit to which they are attached or adjacent, except that if exterior grade redwood is used, it may be left in a natural state.

e. Setback Requirements

(i) For Lots containing detached units, unless specifically approved by the Site Authority, no Structure may be constructed or maintained in such a way that any portion of the Structure, including but not limited to any eaves or other overhangs, is any closer to the side, rear or front property line of the Lot, as the case may be, than is the existing building to the same property line.

(ii) For Lots containing attached units, no change to the footprint of any building or to any eaves or overhangs will be permitted.

f. Walls. No changes will be permitted to any exterior freestanding fences or walls.

g. Mechanical Equipment. Installation of all mechanical equipment, including but not limited to air conditioning, water softeners and spa equipment shall require specific Site Authority approval. Drawings of such equipment must indicate the location of the equipment and, if it is exposed to view, the proposed method for screening and in minimizing equipment noise.

h. Drainage and Fill. The original course of surface water flow shall not be disturbed or altered. Gutters, downspouts, and scuppers must be primed and painted to match the color of adjacent surfaces.

i. Landscaping and Related Improvements. No changes to the Landscaping outside the Courtyards are permitted by any Homeowner. All Courtyard Landscaping shall be maintained by the Homeowner owning the same so that it presents an attractive appearance for the property. No changes to the Courtyard Landscaping may be made by the Homeowner without Site Authority approval, if any plants when mature will be visible from any other Lot or the Common Areas. In making changes, no specific proportions of landscaping materials are required. Without specific approval of the Site Authority, the following materials may not be used for Landscaping in the Courtyards:

(i) Decorative rock, sand, gravel or any other artificial rock substance visible from the Common Areas or any other Lot;

(ii) Hedge-type plants adjacent to sidewalks where such planting exceeds eighteen (18) inches in width and seventy-two (72) inches in height;

(iii) Shrubs with thorns planted adjacent to sidewalks and that may be considered hazardous, including but not limited to roses, natal plum, and cactus;

(iv) Such plant materials (including trees) as may be seen at maturity from the Common Areas or other Lots.

(v) No trellis, post or vine shall be permitted that is or is likely to become attached to the building.

j. Skylight and Solar Energy Equipment. Site Authority approval of rooftop skylights or solar energy equipment will be based generally on the Homeowner's ability to design and accommodate the installation of such facilities and equipment with the least amount of exposure to view from adjacent units consistent with general requirements of state law respecting the efficient placement of collector units. (For these purposes, solar energy equipment includes all panels, collectors, piping, attachments, bracing, flashing, mechanical hardware, supporting structure and any other related elements.) The installation of solar energy equipment may be denied by the Site Authority if it determines that the installation of such equipment on the roof would (i) cause additional maintenance or repairs to the roof, or (ii) be visible from the Common Areas or the other units. All such installations shall conform to the following additional requirements:

(i) Such structures should have as low a profile as functionally practical and efficient;

(ii) Piping should go through the roof rather than on the face of the roof or dwelling unit when possible;

(iii) Long runs of piping should be condensed and concealed as much as possible; and

(iv) Equipment or equipment enclosures should be painted or stained to match the colors of adjacent surfaces.

k. Solid Waste. All materials located on any Lot during construction or alteration of any Structure or other improvement, except for the initial renovation of a home, shall be removed at the completion of construction.

l. Athletic Equipment. Athletic equipment, such as the equipment referred to in the next sentence, may be permanently attached to or installed on or about any detached home if it is compatible with the home and surrounding homes and Site Authority approval is obtained in advance. No freestanding or permanent athletic equipment, including without limitation, soccer nets, basketball hoops, skateboard ramps, batting cages, or backstops shall be attached to or installed on or about any attached unit.

m. Renovation Guidelines. The following is a list of renovation guidelines:

(i) No home shall be made into a one-bedroom home.

- (ii) There shall be only one (1) master suite per home.
  - (iii) Each home shall have a minimum of two (2) automobile parking spaces in the garage.
  - (iv) Each home shall have only one (1) kitchen.
  - (v) Each home shall have no more than two (2) fireplaces.
- n. Machinery. No Structure shall be altered in its exterior appearance by the addition of any sort of machinery, including air conditioning and heating units, without the prior written approval of the Site Authority of plans and specifications for such alteration. Approval by the Site Authority of such alteration may be conditioned on the appropriate screening of said machinery.
- o. Antennae and Flagpoles. No antennae for the transmission or reception of television or radio signals or the like and no permanent flagpole shall be installed or maintained on the exterior of any Structure or on any Lot exposed to view from any other Lot or from any portion of the Common Areas.
- p. Exterior Lighting. Exterior lighting to be erected or altered on any Lot or Structure shall be subject to the prior written approval by the Site Authority.
- q. Mailboxes. No mailbox or other Structure used as a receptacle for the delivery or dispatch of mail, packages, newspapers, periodicals, or similar matter shall be constructed or altered on any Lot without the prior written approval of the U. S. Postal Service and by the Site Authority.

## **ARTICLE VII** **ENFORCEMENT**

**7.1 Right of Enforcement**. The Site Authority, acting on its own initiative or upon the recommendation of the HAC, shall have the right to enforce the provisions of these Regulations by appropriate judicial proceedings, including actions for damages, injunction, or specific performance, as well as any other relief to which the Site Authority may be entitled at law or in equity. Such right of enforcement shall be in addition and supplemental to any right that the Site Authority may have to declare a Homeowner in default under the Ground Sublease as a result of the Homeowner's violation of the provisions of these Regulations.

**7.2 No Waiver**. The failure of the Site Authority to enforce any provision of these Regulations in one or more instances shall not be considered a waiver of the right to do so thereafter, as to the same violation or breach or as to any violation or breach occurring prior or subsequent thereto.



### **7.3 Right of Abatement.**

a. In the event of a violation or breach of any provision of these Regulations, the Site Authority shall give written notice by certified mail to the Homeowner setting forth in reasonable detail the nature of such violation or breach and the specific action or actions needed to be taken to remedy such violation or breach. If the Homeowner shall fail to take reasonable steps to remedy such violation or breach with thirty (30) days after the mailing of such written notice, then the Site Authority shall have the right of abatement described Section 7.3b.

b. The right of abatement, as used in this Section 7.3, means the right of the Site Authority, through its agents and employees, to enter at reasonable times upon any Lot or Structure, as to which a violation, breach, or other condition to be remedied exists, and to take the actions specified in the notice to the Homeowner to abate, extinguish, remove, or repair such violation, breach, or other condition that may exist thereon contrary to the provisions of these Regulations, without being deemed to have committed a trespass or wrongful act solely by reason of such entry and such actions; provided that such entry and such actions are carried out in accordance with the provisions of this Section 7.3.

c. All reasonable costs incurred by the Site Authority in exercising its right of abatement as provided in this Section 7.3 shall be chargeable to the Homeowner with respect to whose Lot such actions in abatement are taken, and such charges shall be regarded as additional rent that such Homeowner is obligated to pay under the terms of the Ground Sublease. Such charges shall be due and payable thirty (30) days after a statement therefor has been rendered by the Site Authority to the Homeowner unless the Site Authority, in its sole discretion, agrees to a more extended repayment period.

## **ARTICLE VIII AMENDMENTS AND CONFLICTS**

**8.1 Amendments.** The provisions of these Regulations may not be amended in any respect except by an amendment (i) proposed to be taken at a meeting of the Board of the Site Authority in a written notice to all Homeowners and (ii) approved by the Site Authority at such meeting.

**8.2 Conflicts.** In the event of any conflict between the provisions of these Regulations and the provisions of the Ground Sublease, the provision of the Ground Sublease shall govern.

## **ARTICLE IX NOTICE AND HEARING PROCEDURE**

**9.1 Written Citation.** Prior to the enforcement of any provision of these Regulations by the Site Authority in accordance with Article VI, the Site Authority shall send a written citation (“Citation”) to the Homeowner alleged to be in default by reason of his or her conduct,

or that of his or her guests or family members (“Respondent”), by first-class mail or by certified mail return receipt requested, or both. The Citation shall constitute a written statement of charges which shall set forth in ordinary, concise language the acts or omissions with which the Respondent is charged, and a reference to the specific provisions of these Regulations that the Respondent is alleged to have violated, together with a statement that shall be substantially in the following form:

“Unless a written request for a hearing signed by or on behalf of the person named as Respondent in the accompanying Citation is delivered or mailed to the Site Authority within fifteen 15 days after the date of this Citation, the Site Authority may proceed upon the Citation without hearing, and you will have thus waived your right to a hearing. The request for a hearing may be made by delivering or mailing the enclosed form entitled ‘Request for Hearing’ to the Site Authority.”

The Respondent shall be entitled to a hearing on the merits of the matter if the Request for Hearing is timely filed.

**9.2 Notice of Hearing.** The Site Authority shall serve a notice of hearing, as provided herein, to the Respondent at least ten (10) days prior to the hearing, if such hearing is requested by the Respondent. The hearing shall be held no sooner than thirty (30) days after the Citation is mailed or delivered to the Respondent as provided in Section 9.1. The notice to the Respondent shall be substantially in the following form, but may include other information:

“You are hereby notified that a hearing will be held before the University Glen Board (being the Site Authority appointed body to hear such matters), on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at the hour of \_\_\_\_\_, upon the charges made in the Citation served upon you. You may be present at the hearing, and may be represented by counsel. You may present relevant evidence.

**9.3 Hearing.** The hearing shall be held before the University Glen Board as the duly appointed body to hear such matters in executive session to afford the Respondent a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and the manner of delivery, is entered by the person mailing or delivering such notice. The notice requirement shall be conclusively deemed satisfied if a Respondent appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction imposed, if any. No action against a Homeowner arising from the alleged violation shall take effect prior to the expiration of (i) fifteen (15) days after the date of the Citation, if no Request for Hearing is filed, or (ii) five (5) days after the hearing if a Request for Hearing is filed.

**9.4 Sanctions.** If a Homeowner, or any of his or her guests or family members is found to have violated these Regulations, the Homeowner involved may be required to pay an assessment, as additional rent under the Ground Subleases, up to One Hundred Dollars (\$100) per violation. The Site Authority may increase such amount by amending these Regulations to increase the maximum sanction on all violations, but not on an individual ad hoc basis as to any

given Citation. The imposition of a sanction hereunder shall in no way limit the Site Authority's rights to seek abatement of the violation, or termination of the Ground Sublease, or any other remedy it may have for breach of the Ground Sublease.

**ADDENDUM**  
**Common Area Rules and Regulations**

1. **GENERALLY.** The amenities are provided to please the Homeowners. Site Authority is proud of what it offers and has designed regulations to keep all facilities safe and available for use by the Homeowner, or the Homeowner’s guests, or other persons under the Homeowner’s control. Please exercise care when enjoying the facilities, as Site Authority is not responsible for physical injuries that result from the use of the facilities.

2. **POOL AND SPA.**

- a. All occupants MUST have swimsuits.
- b. Absolutely NO diapers allowed.
- c. All children under the age of 14 MUST be accompanied by an adult when in the pool area, this includes visiting children. **NO EXCEPTIONS.**
- d. No pets are allowed in the pool or spa areas.
- e. No children under the age of 14 shall be allowed in the spa or spa area. **NO EXCEPTIONS.**
- f. No glass or glass objects will be allowed inside the pool area.
- g. No food or alcohol is allowed in the pool or spa areas. **NO EXCEPTIONS.**
- h. No pins, clips, barrettes, curlers, ribbons, etc. are to be worn in the hair while swimming.
- i. Homeowners and their guests are required to be properly attired at all times, going to and from or around the pool area. No one with cutoffs is allowed in the pool or spa. Thong bathing suits are prohibited.
- j. No toys or air mattresses are allowed in or around the pool or spa areas.
- k. Running and jumping, “horseplay,” fighting, boisterous or dangerous conduct and/or any noisy behavior disturbing to the other Homeowners is forbidden in or around the pool area.
- l. No radios, record players, or other musical instruments may be used in or around the pool area. Personal sound devices with headphones are permitted.
- m. Safety equipment is not to be used except in case of emergency.
- n. Suntan lotion may be used sparingly. Oil of any kind is not permitted, as it will clog the filters in the pool and spa.
- o. No person under the influence of alcoholic beverages is permitted in or around the pool or spa area.
- p. When the pool is being cleaned, all persons must leave the area at that time. Cleaning will generally be done in the morning.
- q. **NO LIFEGUARD WILL BE ON DUTY:** Persons using pool facilities do so at their own risk. Management assumes no responsibility for accidents or injuries. Management is not responsible for articles lost, damaged, or stolen.
- r. **THERE IS TO BE NO DIVING AT ANY TIME INTO THE POOL OR SPA. NO EXCEPTIONS.**
- s. From time to time the pool or spa areas may be closed for maintenance reasons.

### 3. COMMON AREAS.

- a. Insurance coverage maintained by Site Authority does not protect Homeowners from loss of personal property, including but not limited to vehicles, by theft, fire, water damage, etc. Each Homeowner is advised to obtain a policy of the Homeowner's Insurance protecting his or her household goods and personal property.
- b. The speed limit is 25 mph on CSUCI roads, unless otherwise posted.
- c. Unsightly vehicles (such as cars with flats, broken windows, etc.) will not be permitted in or around the Project. Any recreational vehicles, boats, and vehicles without a current registration will not be permitted in or around the Project and will be towed (with adequate notice) at the Homeowner's expense. Recreational vehicles must be stored/parked in designated recreational vehicle storage areas in the Project, if any, and if none, they shall be stored off the Project property. Vehicles with registration that has expired more than one year will also be towed (with adequate notice). No major repairs to the Homeowner's vehicles are permitted on the property. Minor vehicle adjustments may be accomplished provided work areas are kept clean at all times. Fluids that are environmentally unfriendly are not to be changed in the Project. These fluids include but are not limited to oil, differential oil, brake fluid, transmission fluid, and anti-freeze. Site Authority currently maintains no facility for the disposal of these items. Homeowners are also responsible to keep their garages and driveways clean and free of oil stains. Vehicles shall not be parked on the streets or alleys if and when required by Site Authority, not more frequently than weekly, for a reasonable period to allow for street sweeping.
- d. Do not hang clothes, brooms, mops, rugs, etc. on the balcony/patio. Patios/backyards are to be kept neat and orderly at all times; barbecues, plants and patio furniture are acceptable items. There shall be no tin foil, sheets, blankets, or any type of coverings over the windows to darken rooms.
- e. Please be considerate of neighbors. Homeowners are requested to control the volume of car stereos, stereos, TV's and musical devices outside and inside their Structures so they do not disturb other Homeowners. Noisy or disorderly conduct annoying or disturbing other Homeowners will NOT be permitted.
- f. Trash containers are located at various places throughout the Project. These containers are provided for convenience. Do not place trash on the ground if these are full. Simply proceed to the next closest container to dispose of trash. Do not use park trash containers for household trash. For household trash, containers are picked up at the curb each trash collection day. Please remember to bring in trash containers the same day. Trash containers should be marked with your address to minimize the possibility of loss. Littering (trash, paper, cigarette butts, cans, etc.) in or around the Project is not permitted.
- g. Barbecue grills will be permitted in backyards or on patios/decks. Homeowners must use proper safety procedures while operating and storing their grills.
- h. No unnecessary loitering in the amenity areas, parking lots, parks or around the Project is allowed. Driveways, sidewalks, stairwells, etc. must be accessible at all times.

- i. Skateboards, motorcycles, bicycles and similar vehicles may not be stored in entryways or under stairs. Motor vehicles must be parked on the street, in a driveway, in a parking stall, or in a garage. No vehicle shall be parked on any sidewalk, pathway, or walkway designed for pedestrian use; or any unpaved area including lawns, landscaped areas, and trails unless prior authorization is received from Site Authority. Bicycles also cannot be parked in such a way as to be a hazard to vehicles or pedestrians.
- j. Firearms: Except as otherwise permitted under state law, firearms, and explosives or explosive devices are not permitted anywhere within the Project (except by campus police). The term “firearms” includes “B-B” guns, pellet guns, and other firearms of all types, regardless of size.
- k. This is a residential community and should be used for residential purposes only.
- l. Violations of any of these rules and regulations by a Homeowner or its guests or any other occupants of the Project shall require that the Homeowner pay an assessment, in the form of additional rent to Site Authority, up to One Hundred Dollars (\$100) per violation within thirty (30) days after receipt of written notice of the violation and the amount due.

**EXHIBIT F**

**TO GROUND SUBLEASE**

Recording requested by and when  
recorded mail to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

MAIL TAX STATEMENTS TO:  
(SAME AS ABOVE)

The undersigned Sublessor declares that: Documentary transfer tax is \$ _____ computed on the full value of the property conveyed	(Space Above This Line For Recorder's Use Only) ASPN: _____
--	--

MEMORANDUM OF SUBLEASE OF RESIDENTIAL LOT, GRANT DEED TO  
 IMPROVEMENTS, AND DEED GRANTING AND RESERVING EASEMENTS APPURTENANT  
 (LOT NO. \_\_\_\_\_ SUBDIVISION MAP NO. \_\_\_\_\_ COMMUNITY DEVELOPMENT  
 AREA CSUCI)

THIS MEMORANDUM OF SUBLEASE, ("Memorandum of Sublease") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, \_20\_\_\_\_, by and between California State University Channel Islands Site Authority an authority of the State of California, (hereinafter referred to as "Sublessor") and \_\_\_\_\_ (hereinafter referred to as "Sublessee[s]"), with reference to the following facts:

A. As of April 7, 2000, THE TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY, as Lessor thereunder (hereinafter referred to as "Lessor"), and Sublessor, as Lessee thereunder, entered into a certain instrument entitled "Ground Lease." A "Memorandum of Ground Lease," incorporating by reference said Ground Lease, was recorded on October 4, 2000, as Instrument No. 2000-156027 in the Office of the County Recorder for Ventura County, California, and re-recorded January 16, 2001, as Instrument No. 2001-10754 of official records, as amended by First Amendment to Ground Lease recorded May 9, 2001, as Instrument No. 2001-0084783 of official records. Said Ground Lease was amended by the First, Second and Third Amendments to Ground Lease and was subsequently entirely amended and restated by document dated and effective as of June 28, 2002 entitled "Amended and Restated Ground Lease", a memorandum of which was recorded on July 22, 2002 as Instrument Number 2002-0171905, as amended by the Second Amended and Completely Restated Ground Lease dated December 9, 2002, a Memorandum of which was recorded on March 6, 2003 as Instrument No. 2003-0076063-00, and as amended by the Third Amended and Completely Restated Ground Lease dated March 14,

2007, a Memorandum of which was recorded on March 16, 2007 as Instrument No. 20070316-00056965-0, and as amended by the Fourth Amended and Completely Restated Ground Lease dated August 18, 2016, a Memorandum of which was recorded on August 18, 2016 as Instrument No. 20160818-00117727-0 (herein collectively referred to as the "Ground Lease").

B. Pursuant to the terms of the Ground Lease, Sublessor acquired an exclusive leasehold interest, inter alia, in certain real property, including property described as Lot No. \_\_\_\_ (said lot herein referred to as the "Sublease Parcel") as shown on Subdivision Map No. 1 of the Community Development Area of CSUCI ("Subdivision Map") recorded in Book \_\_\_\_ of Miscellaneous Records, Pages \_\_\_ to \_\_\_ inclusive, in the Office of the County Recorder of Ventura County, California.

C. There presently are situated on the Sublease Parcel various improvements including a residential dwelling unit (the "Improvements"). The term "Improvements" is not intended to, and shall not be construed as, including (i) any interest in the Sublease Parcel or (ii) items of personality which, by their character and nature, are not adaptable to permanent affixation to the Improvements or the Sublease Parcel and are not so permanently affixed, but said Improvements shall at all times remain real property.

D. Sublessor is the owner and holder of all legal and beneficial title in the Improvements.

E. Upon the agreements and representation of Sublessee[s] set forth or described herein, Sublessor now desires to (i) memorialize a certain Ground Sublease, setting forth with particularity certain specific easements, and [(ii) grant to the Sublessee[s] all of Sublessor's right, title and interest in and to the Improvements, and] (iii) grant and reserve certain easements.

NOW, THEREFORE, in reference to the above stated facts, and in consideration of the covenants and agreements set forth or described herein and other good and valuable consideration, the receipt of which is acknowledged, Sublessor and Sublessee[s] do hereby agree as follows:

1. Memorandum of Ground Sublease. Sublessor hereby subleases to Sublessee[s] the Sublease Parcel for a term, commencing on the date this Memorandum of Sublease is recorded and terminating at midnight on October 1, 2096, subject to the terms and conditions set forth below and as more particularly set forth in that certain Ground Sublease dated of even date herewith. The terms of the Ground Sublease are incorporated by reference as if set forth in full herein. Should there be any inconsistency between the terms of this Memorandum of Sublease and the Ground Sublease, the terms of the Ground Sublease shall prevail. The Ground Sublease contains provisions dealing with the following:

(a) The Ground Sublease obligates Sublessee[s] or valid assignee[s] of the subleasehold interest, such assignee[s] to be identified according to the terms and conditions set forth in the Ground Sublease ("Assignee[s]"), to pay current rent to Sublessor (referred to as "Maintenance Rent" in the Ground Sublease) in accordance with formulae and terms and conditions set forth in the Ground Sublease.



(b) The Ground Sublease places restrictions on Sublessee's[s'] or any Assignee's[s'] right to assign the subleasehold interest and sell the Improvements and make such right subject to terms and conditions set forth in the Ground Sublease, including limitations on severing such Improvements from the subleasehold interest.

(c) The Ground Sublease obligates Sublessee[s] or any Assignee[s] to sell the Improvements and to transfer the subleasehold interest together as a unit, and then only in accordance with an offering procedure and priority system set forth in the Ground Sublease, and if the Sublessee[s] receive[s] a bonafide offer to purchase on acceptable terms, Sublessor has a right to match that offer and repurchase the Improvements and cause a reassignment of the Ground Sublease on the same terms, all as more particularly set forth in the Ground Lease.

(d) The Ground Sublease reserves an option to Sublessor to require Sublessee[s] or any Assignee[s] to relinquish the subleasehold interest and to sell to Sublessor or its assignee the Improvements upon the occurrence of stated events (the "Repurchase Option Events"), including, without limitation, for units purchased by employees of California State University Channel Islands ("CSUCI"), termination of such employee's employment in most circumstances, and subject to terms and conditions set forth in the Ground Sublease, and as to units purchased by certain Sublessee[s] who are not CSUCI employees, the expiration of ten (10) years after close of escrow through which this Memorandum is recorded.

(e) The Ground Sublease restricts the use of Sublessee's[s'] interest in the Sublease Parcel to use only as the principal place of residence of Sublessee[s] or any Assignee[s].

(f) The Ground Sublease restricts the resale price that may be charged by Sublessee[s] or any Assignee[s] for Improvements and the subleasehold interest, all in accordance with formulae and terms and conditions set forth in the Ground Sublease.

(g) The Ground Sublease restricts the amount of any loan that the Sublessee[s] or any Assignee[s] may obtain when such loan is secured by a deed of trust on, or other appropriate security in, the Sublessee's [s'] or Assignee's [s'] interest in the Improvements and subleasehold, all in accordance with formulae and terms and conditions set forth in the Ground Sublease.

(h) The Ground Sublease obligates Sublessee[s] or any Assignee[s] to comply with certain maintenance, design and modification standards, as set forth and provided for in the Ground Sublease. The Ground Sublease also restricts the Sublessee's ability to demolish or remove any of the Improvements.

2. Grant of Improvements. Sublessor hereby grants to Sublessee[s] all of Sublessor's right, title and interest in and to the Improvements (which shall at all times remain real property). This grant is expressly made subject to all of the covenants, conditions, limitations and restrictions set forth in the Ground Sublease and this Memorandum of Ground Sublease.

3. Covenants, Agreements and Representations of Sublessee[s]. In accepting the Ground Sublease [and this grant to Improvements], Sublessee[s] now make[s] the following covenants, agreements and representations, each of which (i) was and is a

material inducement to Sublessor; (ii) was and is being relied upon by Sublessor; and (iii) was and is for the benefit of Sublessor and Lessor:

(a) Sublessee[s] acknowledge[s] that Sublessee[s] has [have] received a copy of (i) the Ground Sublease (which includes as Exhibits “Property Use and Maintenance Regulations” (“Regulations”), “Architectural Guidelines” (the “Guidelines”) and the “Approved Capital Improvement List”), and (ii) the “University Glen Buyer Disclosure Statement,” and has [have] examined those documents and understand[s] all of the terms and provisions thereof, all of which are incorporated herein by this reference.

(b) Sublessee[s] agree[s] to keep, perform, and be bound by each and every one of the covenants, agreements, conditions and restrictions provided for in the Ground Sublease.

4. Continuing Effect of Covenants, Agreements and Representations of Sublessee[s]. Each of the covenants, agreements and representations set forth or incorporated herein are intended to be, and shall be deemed to create, covenants as well as conditions to the Ground Sublease and grant, and all such covenants and conditions shall be binding upon all successors and assigns of Sublessee[s] in and to the Sublease Parcel and the Improvements and shall run with the Sublease Parcel and the Improvements for the use and benefit of Sublessor and Lessor, including their successors and assigns. Upon termination of the Ground Sublease, all Improvements shall become part of the Sublease Parcel and title thereto shall vest in Sublessor (or in Lessor, if at the end of the Ground Lease term), without any payment or other compensation to Sublessee[s] or its Assignee[s].

5. Grant and Reservation of Easements. Sublessee’s[s]’ interest in the Sublease Parcel is subject to, or entitled to the benefits of, the following easements, to the extent applicable:

(a) Sublessor reserves a non-exclusive easement across the Sublease Parcel for maintenance and upkeep purposes, and reserves a non-exclusive easement for the repair and maintenance of all exterior walls and surfaces and all roof areas of the Improvements, and of landscaping on the Sublease Parcel. Sublessor reserves the right to assign said exclusive easements to a nonprofit corporation or unincorporated association established by Sublessor or Lessor.

(b) Sublessor reserves the right to grant easements to utilities and public agencies for the purposes of installing, operating or maintaining utility service or similar public or quasipublic facilities.

(c) Sublessor reserves an exclusive easement for lot-line fence or wall encroachments on the Sublease Parcel.

(d) Sublessor reserves an exclusive easement benefiting Sublessor and all parcels contiguous to the Sublease Parcel for the purpose of accommodating any encroachment occasioned by the natural settlement of any Improvement.

(e) Sublessor, its authorized agents, representatives, contractors, subcontractors, successors and assigns retain the right to ingress and egress on, over and across the Sublease Parcel for all purposes reasonably required by Sublessor in connection with the construction, installation, marketing, sale, lease or other conveyance of the real

property situated within the boundaries of the subdivision map. Sublessor's rights hereunder shall at all times be reasonably exercised.

(f) All such other easements and reserved rights set forth in the Ground Lease, including without limitation, the following:

(1) Lessor has reserved to itself the sole and exclusive right to prospect for, drill for, produce, and take any oil, gas, or other hydrocarbon or mineral substances and accompanying fluids, including all geothermal resources from the Sublease Parcel, including the rights to slant drill, maintain subsurface pressures, and utilize subsurface storage space for natural substances, but without the right of entry onto the surface or subsurface to a depth of 500 feet.

(2) Lessor has reserved the right of Lessor's representatives, including, but not limited to the campus police, to enter the Sublease Parcel or any Improvements located thereon for the purpose of inspection, subject to Sublessor's reasonable requirements as to security and privacy; provided, however, that (i) Lessor shall be obligated to deliver to Sublessor prior notice of each such entry except in the event of an emergency and, at Sublessor's option, Lessor's representative must be accompanied by a representative of Sublessor; and (ii) from and after the transfer of the Sublease Parcel and sale of the Improvements thereon to a sublessee, Lessor's representatives shall have the right to enter said Sublease Parcel and Improvements only in the event of an emergency.

6. Matters of Record. The Ground Sublease set forth in Section 1 above [is][and the grant of the Improvements set forth in Section 2 above are] made and given subject to all easements, covenants, conditions and restrictions, limitations and equitable servitudes as set forth in the Ground Lease and Ground Sublease or otherwise of record, including, but not limited to, easements for water, sewer, telephone, electricity, gas, cable television and other utility easements whether of record or apparent.

7. Severability. To the extent possible, each provision of this Memorandum of Sublease shall be interpreted in such a manner as to be effective and valid under applicable law, but if any part of any provision of this Memorandum of Sublease shall be prohibited or invalid under applicable law, such provision shall be ineffective only to the extent necessary without invalidating the remainder of the provision or the remaining provisions of this Memorandum of Sublease.

The parties have executed this Memorandum of Sublease as of the date first written above.

SUBLESSEE[S]

SUBLESSOR:

\_\_\_ **EXHIBIT - DO NOT SIGN** \_\_\_

California State University Channel Islands Site Authority, an authority of the State of California

\_\_\_ **EXHIBIT - DO NOT SIGN** \_\_\_

By: University Glen Corporation, a non-profit corporation, its authorized agent

By: \_\_\_ **EXHIBIT - DO NOT SIGN** \_\_\_  
Name:

Its: