



Leasehold Disclosure

University Hills is a residential community located on the University of California campus in Irvine, California. Although you will own the home which you may purchase in University Hills, all the land on which University Hills is located is, and will continue to be, owned by The Regents.

As a homeowner, you will acquire a long-term leasehold interest in the land underlying your home which will be subject to renewal upon certain stated conditions. (Technically, you will be a sublessee, since you will receive your leasehold interest from ICHA which is, in turn, the lessee under a master lease with The Regents covering the entire development.) As with any lease, you will be required to make payment to ICHA pursuant to the terms of your Ground Sublease. The terms of such payments may vary from one homeowner to another, but generally a current monthly payment will be required, coupled with an agreement on your part to pay to ICHA (for the benefit of The Regents) a stated percentage of the appreciation in value (if any) which you realize on your home and qualifying improvements at the time of resale. The percentage of appreciation which you may be required to pay as deferred rent may vary from 10% to 30%, depending on the level of current rent payment which you elect to make at the time of purchase.

To assure that the homes in University Hills remain available to and affordable by members of the University Community, restrictions have been placed on resales under the terms of the Ground Sublease. These restrictions limit the amount of the resale price which you may receive, pertain to residency requirements and continuing ownership eligibility, and may lengthen the time required for selling a home in University Hills. You should carefully review the sublease documents and these restrictions before buying a home in University Hills. For those University-Associated Persons whose principle objective in purchasing real estate is capital gain, it is strongly recommended that they consider acquiring a home in the unrestricted general marketplace rather than in University Hills.