

June 13, 2012

West Campus Point Owners

Re: Notice of Special Board Meeting, Thursday, July 26, 2012, 7 pm, Unit 902; Vote on an Amendment to CC&R's; and Vote on the Leak Remediation Fee

Dear West Campus Point Owners:

On Thursday, July 26, 2012 at 7 pm there will be a special meeting of the WCP Board at 902 West Campus Lane, Goleta, CA. Homeowners are welcome to attend. All 65 members are eligible to vote on:

- (1) The Third Amendment to the Declaration of Covenants, Conditions and Restrictions (CC&Rs) for the West Campus Point (WCP) Homeowners Association; and
- (2) Whether the Board shall be given the power to commit the Homeowners Association to paying a long-term Leak Remediation Fee.

The WCP Board of Directors unanimously supports approval of the Amendment and the Leak Remediation Fee. Approval by the homeowners will make it possible to move forward on a major leak remediation project at WCP. Owners are asked to submit a Ballot with their vote on the Amendment and the Fee, no later than 7:00 pm, July 26, 2012.

Ballot

In this packet of materials you will find the Ballot for voting your preferences with respect to the Amendment and the Leak Remediation Fee. Instructions for voting and returning your Ballot are printed on the bottom of the enclosed Ballot. You can file it in one of two ways: (1) Attend the Homeowners meeting on July 26, 2012 and hand your Ballot to the Inspector of Elections before the polls close at 7:30 pm; or (2) Return the Ballot by mail in the enclosed election envelope. It must be received by 7:30 pm on July 26th to be counted. All owners are welcome to attend the Homeowner's meeting on July 26th. Whether you plan to attend or not, it's a good idea to mail your ballot at least a week before the meeting (longer if outside the USA) to ensure your vote is counted. All owners are expected to vote. There is one vote per unit at WCP. You will be sending your vote to: McFarland Financial, Attn. Inspector of Elections, 720 Vereda Del Ciervo, Goleta, CA 93117

Background

The WCP Board of Directors has negotiated a Memorandum of Understanding (MOU, enclosed) with the University. It has been approved by the Board and is awaiting approval by the Regents. You are encouraged to read it; however, you are not being asked to vote on it. In summary, the MOU describes the way in which the Regents and University will provide funding in the sum of \$7.135 million to the WCP Homeowners Association to correct construction defects as disclosed in the MOU. Section III (2) of the MOU describes the proposed leak remediation project to be completed in 2012 and 2013. Section III (4) and Exhibit B describe how the project will be funded. There are two main sources of funding: a contribution by the University in the sum of \$2,547,195 and a loan secured by the University in the sum of \$4,587,805. This \$4.587 million

loan will be repaid in three ways: (1) additions to the price of West Campus Point units sold by the University in the future; and (2) a long term Leak Remediation Fee, to be paid by the WCP Homeowners Association to the University, and 3) the increase in the lot lease, 5 percent per year, starting in 2014 with an increase of \$.50 per month per homeowner. Again, please read the MOU for specific details that could affect your understanding of this general summary.

Amendment

When a WCP owner decides to sell a unit, the University has the right to purchase it from the owner and resell it to a future owner. Article XII(2) of our CC&Rs sets the rules for all sales. In the future, the University intends to increase the sale price to the next purchaser. The purpose of this increase will be to partially recapture funds needed to repay the \$4.587 million University loan, using sales of WCP units over the next 30 to 40 years. The enclosed Amendment changes Article XII (2) to specifically permit the University to increase the price of units for this purpose. At the same time, the Amendment states that the new price must be consistent with the Preamble to the Residential Lot Lease (Exhibit B to the Purchase Contract between owners and the University), which specifically states that the purpose of the WCP Development is to create “affordable for-sale housing for members of the University’s faculty and staff, and assisting in the recruitment and retention of faculty.” This Amendment needs the approval of the WCP owners.

The Leak Remediation Fee

The other item on the ballot needing approval is the long-term Leak Remediation Fee. It is a charge required by the Regents to be paid by the WCP Homeowners Association to partially offset costs incurred by the Regents in providing the project funding. The Association will need to collect this revenue from each owner with a \$30 monthly assessment commencing January 1, 2013. Thereafter, the assessment for the Leak Remediation Fee will increase annually by 5% for a maximum period of 30 years at which time there will be no further escalation. The obligation of the Association to pay the Leak Remediation Fee to the Regents will continue until either: (1) the University loan has been paid off; or (2) until December 31, 2052 (40 years), whichever comes first. An Owner has no further obligation to pay monthly assessments upon sale of their Unit.

If you have any questions or concerns about this material, you may contact a member of the Board or the WCP management company, McFarland Financial, at 805-562-8482.

Sincerely,

Dorothy Gonzalez, President,
West Campus Point Homeowners Association
drgonzalez@cox.net