

- 1 Remediation Plan Cost: \$7,135,000
- 2 University Contribution: \$2,547,195
- 3 University Loan to WCPHOA: \$4,587,805
- 4 Total campus funding to WCPHOA: \$7,135,000 (\$2,547,195 + \$4,587,805)
 - Delivered to WCPHOA (either check or wire transfer)
 - Delivered in lump sum within five (5) days after the Association and any licensed contractor execute a contract for any part of the Remediation Plan as described in Article 2

- 5 Loan repayment generated from:
 - University Loan principal (\$4,587,805) plus interest (\$4,024,159): \$8,611,964
 - It is the intent of the parties to the MOU to charge the lowest interest rate possible on the University Loan. In no event shall the interest rate on the University Loan exceed the published planning rate for 30-year taxable financing; currently 7.25% per annum. The UC planning rates are published on the following web site:
<http://www.ucop.edu/capmarketsfin/planning_rates.html>
 - Per unit sales price increases: \$6,817,649
 - Remediation Fee from Association: \$1,554,669
 - Land lease annual increase: \$284,223
 - Assumed loan terms and repayment method are modeled on pages 2-5

- 6 Status reports of Loans pertinent to the Remediation Project will be provided annually

REMEDIATION FEE AND LAND LEASE ANNUAL INCREASE

- 7 Remediation Fee commencement date is January 1, 2013
 - \$30.00/month/unit increment added to HOA Budget
 - Escalates 5% annually until January 1, 2042 (30 years)
 - The Remediation Fee does not automatically terminate at year 30. The Remediation Fee terminates at University Loan retirement or no later than December 31, 2052 (40 years), whichever occurs first
 - Remediation Fee generates \$1,554,669 over 30 years * 100% goes towards debt repayment

- 8 Increment to Current \$10 Individual Residential Lot Lease Monthly Payment
 - Current land lease is \$10/month/unit
 - Increment amount: 5% annually on \$10 base effective January 1, 2014
 - Increment amount January 1, 2014: \$0.50/month/unit
 - Land lease annual increase generates \$284,223 * 100% goes towards debt repayment
 - Allocation to Remediation Plan terminates at University Loan retirement

Basic Assumptions - subject to CC&Rs:

- A** On average 3 houses per year will be sold (if more houses are sold then loan can be serviced sooner)
- B** Each of the 65 units will be sold at least once over the 30 year life of the loan. These units are subject to the "initial" mark-up.
- C** Approximate per unit price increase at first sale: \$70,500 - escalated 2% annually
- D** After the initial sale, houses that sell again would be adjusted incrementally (current mark-up less initial mark-up)
- E** Assumed Loan terms: 4.5% interest, 30 year term, \$281,652 annual payment

<i>Summary Debt Financing:</i>		
West Campus Resales	6,817,649	79.2%
Remediation Fee	1,554,669	18.1%
Land Lease Annual Increase	284,233	3.3%
Total Revenue	8,656,551	100.5%
Needed to Service Loan	8,449,573	
Interest on Cash Flow Loans	162,391	
Total Cost All Loans	8,611,964	
Net Surplus (Deficit)	44,587	

STEP 1 - Increase West Campus Resale Price

EXHIBIT B

Year	<u>Annual Sales</u>			<u>Revenue from Sales</u>			Less Payment	Balance	
	1st Time	2nd Time	Total Sales	First Time	2nd Time	Total Revenue			
1	70,500	3	-	3	211,500	-	211,500	281,652	(70,152)
2	71,910	3	-	3	215,730	-	215,730	281,652	(65,922)
3	73,348	3	-	3	220,045	-	220,045	281,652	(61,608)
4	74,815	3	-	3	224,445	-	224,445	281,652	(57,207)
5	76,311	3	-	3	228,934	-	228,934	281,652	(52,718)
6	77,838	3	-	3	233,513	-	233,513	281,652	(48,139)
7	79,394	3	-	3	238,183	-	238,183	281,652	(43,469)
8	80,982	3	-	3	242,947	-	242,947	281,652	(38,705)
9	82,602	3	-	3	247,806	-	247,806	281,652	(33,846)
10	84,254	3	-	3	252,762	-	252,762	281,652	(28,890)
11	85,939	2	1	3	171,878	15,439	187,317	281,652	(94,335)
12	87,658	2	1	3	175,316	17,158	192,474	281,652	(89,179)
13	89,411	2	1	3	178,822	18,911	197,733	281,652	(83,919)
14	91,199	2	1	3	182,399	20,699	203,098	281,652	(78,555)
15	93,023	2	1	3	186,047	22,523	208,570	281,652	(73,083)
16	94,884	2	1	3	189,767	24,384	214,151	281,652	(67,501)
17	96,781	2	1	3	193,563	26,281	219,844	281,652	(61,808)
18	98,717	2	1	3	197,434	28,217	225,651	281,652	(56,001)
19	100,691	2	1	3	201,383	30,191	231,574	281,652	(50,078)
20	102,705	2	1	3	205,410	32,205	237,616	281,652	(44,037)
21	104,759	2	1	3	209,519	34,259	243,778	281,652	(37,875)
22	106,854	2	1	3	213,709	36,354	250,063	281,652	(31,589)
23	108,992	2	1	3	217,983	38,492	256,475	281,652	(25,178)
24	111,171	2	1	3	222,343	40,671	263,014	281,652	(18,638)
25	113,395	2	1	3	226,790	42,895	269,684	281,652	(11,968)
26	115,663	1	2	3	115,663	90,325	205,988	281,652	(75,664)
27	117,976	1	2	3	117,976	94,952	212,928	281,652	(68,724)
28	120,335	1	2	3	120,335	99,671	220,006	281,652	(61,646)
29	122,742	1	2	3	122,742	104,484	227,227	281,652	(54,426)
30	125,197	1	2	3	125,197	109,394	234,591	281,652	(47,061)
		65	25	90			6,817,649		

STEP 2 - New Remediation Fee and Land Lease Annual Increase

EXHIBIT B

Initial New Remediation Fee amount: \$30.00

Dedicated to Loan Repayment

Land Lease increment amount starting at \$0.50 in year 2

Annual Percentage Increases 5.00%

Year	New Fee	Net New Fee	Land Lease Increment	Net New Increment
1	30.00	23,400		
2	31.50	24,570	0.50	390
3	33.08	25,799	1.03	800
4	34.73	27,088	1.58	1,229
5	36.47	28,443	2.16	1,681
6	38.29	29,865	2.76	2,155
7	40.20	31,358	3.40	2,653
8	42.21	32,926	4.07	3,175
9	44.32	34,572	4.77	3,724
10	46.54	36,301	5.51	4,300
11	48.87	38,116	6.29	4,905
12	51.31	40,022	7.10	5,541
13	53.88	42,023	7.96	6,208
14	56.57	44,124	8.86	6,908
15	59.40	46,330	9.80	7,643
16	62.37	48,647	10.79	8,416
17	65.49	51,079	11.83	9,226
18	68.76	53,633	12.92	10,078
19	72.20	56,315	14.07	10,972
20	75.81	59,131	15.27	11,910
21	79.60	62,087	16.53	12,896
22	83.58	65,192	17.86	13,931
23	87.76	68,451	19.25	15,017
24	92.15	71,874	20.72	16,158
25	96.75	75,467	22.25	17,356
26	101.59	79,241	23.86	18,614
27	106.67	83,203	25.56	19,934
28	112.00	87,363	27.33	21,321
29	117.60	91,731	29.20	22,777
30	123.48	96,318	31.16	24,306
		1,554,669		284,233

Summary by Year

EXHIBIT B

Year	Sales	Net New Fee	Net New Increment	Less Debt Payment	Annual Balance	Cumulative Balance	3.00% Interest
1	211,500	23,400		281,652	(46,752)	(46,752)	(701)
2	215,730	24,570	390	281,652	(40,962)	(87,715)	(2,017)
3	220,045	25,799	800	281,652	(35,010)	(122,725)	(3,157)
4	224,445	27,088	1,229	281,652	(28,889)	(151,614)	(4,115)
5	228,934	28,443	1,681	281,652	(22,594)	(174,208)	(4,887)
6	233,513	29,865	2,155	281,652	(16,119)	(190,327)	(5,468)
7	238,183	31,358	2,653	281,652	(9,458)	(199,785)	(5,852)
8	242,947	32,926	3,175	281,652	(2,604)	(202,389)	(6,033)
9	247,806	34,572	3,724	281,652	4,450	(197,939)	(6,005)
10	252,762	36,301	4,300	281,652	11,711	(186,228)	(5,763)
11	187,317	38,116	4,905	281,652	(51,314)	(237,542)	(6,357)
12	192,474	40,022	5,541	281,652	(43,616)	(281,158)	(7,780)
13	197,733	42,023	6,208	281,652	(35,689)	(316,846)	(8,970)
14	203,098	44,124	6,908	281,652	(27,522)	(344,369)	(9,918)
15	208,570	46,330	7,643	281,652	(19,109)	(363,478)	(10,618)
16	214,151	48,647	8,416	281,652	(10,439)	(373,916)	(11,061)
17	219,844	51,079	9,226	281,652	(1,503)	(375,419)	(11,240)
18	225,651	53,633	10,078	281,652	7,710	(367,709)	(11,147)
19	231,574	56,315	10,972	281,652	17,208	(350,501)	(10,773)
20	237,616	59,131	11,910	281,652	27,004	(323,497)	(10,110)
21	243,778	62,087	12,896	281,652	37,108	(286,389)	(9,148)
22	250,063	65,192	13,931	281,652	47,533	(238,856)	(7,879)
23	256,475	68,451	15,017	281,652	58,290	(180,565)	(6,291)
24	263,014	71,874	16,158	281,652	69,393	(111,172)	(4,376)
25	269,684	75,467	17,356	281,652	80,855	(30,317)	(2,122)
26	205,988	79,241	18,614	281,652	22,190	(8,127)	(577)
27	212,928	83,203	19,934	281,652	34,412	26,286	272
28	220,006	87,363	21,321	281,652	47,038	73,324	1,494
29	227,227	91,731	22,777	281,652	60,082	133,406	3,101
30	234,591	96,318	24,306	281,652	73,562	206,968	5,106
	6,817,649	1,554,669	284,223	8,449,573	206,968		(162,391)