

## Exhibit B

### QUALIFIED CAPITAL IMPROVEMENTS

The following is the initial list of Qualified Capital Improvements:

#### INTERIOR IMPROVEMENTS

Additional bathroom or rooms  
Appliances  
Plumbing fixtures  
Plumbing upgrades  
Sauna  
Vacuum system  
Wet bar  
Shower door/tub enclosure  
Mirror  
Mirrored wardrobe door  
Heating & air-conditioning  
Fireplace  
Electrical wiring  
Lighting fixture  
Insulation  
Carpentry, finish  
Garage Conversion  
Cabinet  
Hardware  
Paint  
Tile upgrade  
Wall addition  
Door addition  
Intercom  
Window addition  
Flooring  
Carpet Counter  
tops Window  
covering Wall  
covering Garage  
storage Closet  
system Security  
system

#### EXTERIOR IMPROVEMENTS

Deck-wood  
Storage facility  
Rain gutter  
Brick and concrete flatwork  
Solar panels  
Walkway  
Patio  
Patio cover  
Wood fencing  
Wall/masonry  
Landscaping  
Irrigation system  
Pool/Spa  
Barbecue  
Arbor/trellis  
Lighting  
Fountain/Waterfall  
Rock scaping

**Note:** Exterior improvements generally also require HAC recommendation to Landowner prior to installation.

Landowner shall have the right to add or delete items from the list of Qualified Capital Improvements, from time to time, and Landowner may solicit Homeowner comments on

items that may be added or deleted from the list; however, additions or deletions shall be made by Landowner in its sole and absolute discretion.

Homeowner is hereby advised that if an improvement is made to the Home that is not a Qualified Capital Improvement, the cost or value of such improvement will not be part of the Maximum Resale Price of your Home. Therefore, if Homeowner wishes to have such an improvement added to the list of Qualified Capital Improvements, before such improvement is made, Homeowner should comply with the procedures established by Landowner (a description of which will be maintained in Landowner's offices) for requesting that said improvement be added to the list of Qualified Capital Improvements. Landowner shall have the right to approve or disapprove said type of improvement as a Qualified Capital Improvement in Landowner's sole and absolute discretion.

## **GROUND LEASE APPRAISAL PROCEDURE**

### **15.4.3 Appraisal Procedures**

The appraised value of Qualified Capital Improvement shall be determined as follows:

#### **15.4.3.1**

Not more than thirty (30) days prior to the commencement of the process of selling the Home, Homeowner shall notify Landowner of the proposed sale and the Qualified Capital Improvements Homeowner desires to have included in the Maximum Resale Price.

#### **15.4.3.2**

Homeowner shall then select a Qualified Appraiser from a list of Qualified Appraisers supplied by Landowner. Homeowner may request that Landowner review the qualifications and experience of appraiser(s) not on such list and add such appraisers to the list as Landowner deems appropriate. Whether any particular appraiser is added to the list shall be determined by Landowner in its sole and absolute discretion. The cost of such appraisal shall be paid by Homeowner and shall be added to the Maximum Resale Price.

#### **15.4.3.3**

The appraised value determined by the Qualified Appraiser shall apply, unless Homeowner notifies Landowner, within five (5) days after the receipt of the appraisal, that the appraisal is unsatisfactory.

#### **15.4.3.4**

If Homeowner notifies Landowner that the appraisal is unsatisfactory, then Homeowner may choose another Qualified Appraiser.

#### **15.4.3.5**

If the amount of the appraised value determined by the second Qualified Appraiser differs by less than twenty-five percent (25%) of the amount of the appraised value determined by the first appraisal, whether higher or lower, the average of the two appraisals shall apply. If the amount of the second appraisal is higher than the amount of the first appraisal, Landowner shall pay the cost of the second appraisal; and if the second appraisal is lower than the amount of the first appraisal, Homeowner shall pay the cost of the second appraisal. If the amount of the second appraisal differs by more than twenty-five percent (25%) of the amount

of the first appraisal, whether higher or lower, Landowner shall pay for a third appraisal and the mean of the three appraisals shall apply.

#### **15.4.3.6**

The remaining depreciated value of any Improvement replaced by a Qualified Capital Improvement shall be deducted from the appraised value of the Qualified Capital Improvements.

#### **15.4.3.7**

In no event, however, shall the appraised value of the Qualified Capital Improvements exceed twenty-five percent (25%) of the purchase price Homeowner paid for the Home multiplied by the Fractional Change in the Resale Price Index.

### **Approved Appraisers for University Gables**

The below mentioned appraisers are experienced in ground leased for-sale affordable housing programs and have done appraisals for the UCI program and CSU Fullerton ASC.

**1.) Gordon Schumacher (also partner John Hoopes)**

(949) 757-1393  
(949) 757-1296 fax  
H&S Appraisal Ser., Inc.  
18022 Cowan, Suite 202C  
Irvine, CA 92614  
Certification #AR004807  
[hsappraisal@sbcglobal.net](mailto:hsappraisal@sbcglobal.net)

**2.) John Byer (949)**

752-1958 (949)  
637-3641 cell  
5100 Birch Street #200  
Newport Beach, CA 92660  
Certification #AG004140  
[Jbyer1948@aol.com](mailto:Jbyer1948@aol.com)

**3.) Matt Morita**

(714) 840-1386  
Coastline Appraisal Service  
4872 Tiara Drive, #103  
Huntington Beach, CA 92649  
Certification #AR005035  
[coastlineapp@aol.com](mailto:coastlineapp@aol.com)

### **Pre-Sale Fix U Costs (University Gables Ground Lease Section 15.4.2.4)**

The reasonable out-of-pocket costs (approved by Landowner) of incidental repairs and minor renovations made to the Home within ninety (90) days prior to the commencement of the

process of selling the Home in order to improve the appearance of the Home, not to exceed five percent (5%) of the sum of the indexed original purchase price (i.e., the sum of the amounts derived from subsections 15.4.1 and 15.4.2). Homeowner shall be required to deliver to Landowner written documentation satisfactory to Landowner to evidence said costs.