

# THE CLAREMONT COLLEGES

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## Frequently Asked Questions – CST (Claremont School of Theology) Litigation Facts

September 16, 2021

### **1. What is the history of the land transaction between Claremont School of Theology (CST) and The Claremont Colleges (TCC)?**

CST purchased the land at a negotiated price from TCC to begin operations in Claremont in 1957. As part of the parties' original agreement, TCC has a right to repurchase the property according to an agreed purchase-price formula if CST ever desired to sell or transfer the property or left Claremont.

### **2. Was CST "surprised" by TCC's repurchase right?**

No. CST agreed to the repurchase right in 1957, and that right has been recorded in the property's chain of title ever since. In addition, CST periodically acknowledged TCC's repurchase right over the years, including in 2001 and 2006.

### **3. Does TCC have a role in the future use of the property?**

Yes. When TCC provided the land to CST in 1957, the agreement required the property to be forever used and maintained in a manner consistent with the higher education mission of The Claremont Colleges. Now that CST has chosen to sell or transfer the property and leave Claremont, TCC is entitled to purchase the property according to the purchase price formula. It is important to TCC that control over the use of the property remain with TCC as was always contemplated in the 1957 agreement.

### **4. What is TCC's plan for future use of the property?**

TCC's plan for the property is simple: To use and maintain the property in a manner that is supportive of the higher education mission of The Claremont Colleges and consistent with local zoning and land use designations.

### **5. Does TCC have specific plans for the use of the property?**

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TCC envisions several potential uses consistent with the higher education mission of TCC including: additional student housing for several institutions caused by increased enrollment due to student deferrals and limited study abroad opportunities resulting from the pandemic; additional office and classroom spaces as institutions renovate or replace aging facilities and new TCC initiatives and academic programs.

## **6. Why did CST bring legal action against TCC?**

In 2016, following several offers from TCC to purchase portions of the property (at values greater than what was required by the formula outlined in the 1957 agreement including an offer that was substantially more than required under the 1957 agreement) and renovate the housing units on the CST campus, CST sued TCC in an attempt to avoid TCC's right to repurchase the property. The California Court of Appeal has ruled in TCC's favor.

## **7. What is the current status of litigation between CST and TCC?**

In January 2021 and again in June 2021, the Court of Appeal ruled in TCC's favor. The Court of Appeal held that TCC has a valid and enforceable repurchase right and concluded that TCC's repurchase right was triggered when CST entered into a sale/lease agreement with the Yalong Investment Group, LLC. ([Court Rulings available here](#))

The Court of Appeal has sent the case back to the trial court to implement its rulings. TCC contends that, based on the Court of Appeal's rulings, CST must sell the property to TCC at the formula price outlined in the 1957 agreement. That aspect of the litigation is ongoing.

## **8. Has CST left Claremont?**

CST announced its departure from Claremont for Salem, Oregon in a "farewell" letter from Rev. Dr. Kah-Jin Jeffrey Kuan, published in the Claremont Courier on May 22, 2020. CST explained its departure by saying it was intended to reduce overhead and provide for more efficient operations.

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During the week of September 6, 2021 CST posted a video online, followed up by a letter in the Courier claiming they had never left and intend to remain operating in Claremont.

## **9. What is the current status of operations on the property?**

CST entered into a sale/lease agreement with Yalong to operate and develop the property. CST claims Yalong's start of onsite operations has been delayed; however, it remains unclear what operations are occurring on CST's property. CST has refused to provide TCC with that information.

## **10. Are CST's financial issues more extensive than the issue of resolving the property dispute?**

Yes, one of CST's accreditors, the Western Association of Schools and Colleges (WASC), has noted CST's "deteriorating financial position," its "lack of cash flow," and expressed "concern" about its "financial stability and sustainability." The December 2019 WASC Update Report for CST is available [here](#) and the February 2020 Action Letter is available [here](#).

## **11. Who is the new developer/operator/tenant on the CST campus?**

On December 26, 2018, CST entered into a sale/lease agreement with Yalong, whose operations are primarily in China. We believe Yalong has operated on the property, but its operations and plans have not been clarified with the City of Claremont. Yalong has paid CST over \$10 million dollars for the property to date.

## **12. What is Yalong's experience with operating programs of this nature?**

Yalong does not have any known experience operating an educational institution of collegiate or post-graduate grade.

## **13. Does Yalong have a business license to operate on the CST property?**

No, the City of Claremont has repeatedly requested information about Yalong's plans, but Yalong has not, to our knowledge, provided that information.

# THE CLAREMONT COLLEGES

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## **14. What is the status of TCC's litigation with CST and Yalong?**

The Court of Appeal ruled for TCC and against CST and Yalong. It directed entry of a judgment enforcing TCC's repurchase right and affirmed that TCC's repurchase right was conclusively triggered by no later than February 5, 2019, when CST purported to sell/lease the property to Yalong.

TCC claims a right to own and control CST's former campus property based on the Court of Appeal's rulings. TCC strongly objects to any use of the property by Yalong or any other third parties, and TCC intends to make a motion for a preliminary injunction against CST and all appropriate third parties. TCC will ask the court to prohibit CST and any third parties from making unauthorized uses of the property pending the completion of the pending litigation.

## **15. Are any other third parties currently using the property?**

Despite the court rulings, CST continues to allow third parties to operate on CST's former campus property. TCC has independently learned that several of those third parties, including Western University of Health Sciences, have filed for business licenses to operate on that property. Western University has produced a copy of its agreement with CST to TCC. That agreement purports to give Western University the exclusive right to use parts of CST's former campus property, starting on August 1, 2021. It appears Western University entered into that agreement, despite having knowledge of TCC's position in the pending litigation. TCC has informed Western University that it intends to seek an injunction prohibiting Western University from using the property and has expressed TCC's sincere regret that CST chose to draw Western University into the pending litigation.

## **16. What is the current zoning of the property?**

Institutional Educational, consistent with the entirety of The Claremont Colleges

## **17. What is the basis for CST's claim the appraised market value of the property is over \$40M?**

CST refused to provide appraisals they claim support an over \$40M market value. As a result, TCC could only surmise CST's valuation was based on their [Offering Memorandum](#) claim that under the current Zoning/General

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Development Plan a developer buyer would receive a Conditional Use Permit from the City of Claremont to place nearly 500 non-student multifamily dwelling units on the property.

