

The UC Home Loan Programs General Summary

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The Mortgage Origination Program (MOP)

The Mortgage Origination Program is a recruitment tool to assist qualifying new faculty in purchasing their first home in the Bay Area. Eligibility for MOP participation is restricted to faculty with appointments in the Academic Senate series (Professor, Professor In Residence, or Professor of Clinical X) or members of the Senior Management Group (SMG) within the first two years of their eligible appointment. In some cases, eligibility to participate in the MOP program may be offered to Academic Senate appointees as part of a retention effort. Faculty with appointments in the Adjunct or Health Sciences Clinical series are not eligible to participate in this program. Unless by special exception from the Chancellor, candidates may not already own or have owned in the past 12 months a primary residence in the Bay Area. Faculty may participate in the MOP program only once.

The Mortgage Origination Program provides first deed of trust variable rate loans with up to a 30-year term and a maximum loan amount based on the annual median sales price of existing homes in California for the prior calendar year. Effective March 1, 2022, the maximum loan amount is \$2,370,000; not to exceed a loan-to-value ratio of 90% or a maximum combined debt-income ratio of 48%. The maximum annual adjustment of the interest rate for a loan, upwards or downwards, is 1.0%. The overall cap to the Standard Rate is 10% over the initial rate. The Standard MOP rate is based on the most recent four quarter average of the University STIP rate, with a minimum rate of 3.25%. If a Supplemental Home Loan Program (SHLP) loan is offered in conjunction with a MOP loan, the loan-to-value ratio may go as high as 95% for combined financing under \$2.37 million.

The 5/1 MOP Program

The 5/1 Mortgage Origination Program (5/1 MOP) loan is a fully-amortizing mortgage loan that offers an initial fixed interest rate and payment for the first 5 years of the loan, after which the loan converts to a 1-year adjustable rate mortgage (Standard MOP) for the remaining loan term. The maximum overall loan term is 30 years. All or any portion of the principal balance may be prepaid without penalty at any time and there is no negative amortization associated with 5/1 MOP loans. The 5/1 MOP rate is based on the 5-year Treasury Bond Yield using the J.P. Morgan US Liquid Index (JULI) value spread. The minimum 5/1 MOP Initial Interest Rate is 3.25% with recent actual rates posted at <https://www.ucop.edu/loan-programs/loan-programs/5-1mortgage-origination-program.html>.

The MOP Rate

The calculated MOP rate is based on the four-quarter average of the STIP rate (Short Term Investment Pool) of the University. The minimum program rate will be 3.25%. Because the MOP rate is based on the UC STIP rate, the MOP rate does not fluctuate as other mortgage rates do. The MOP rate has been holding at the minimum program rate since August 2010.

Supplemental Home Loan Programs (SHLP, Centrally-Funded SHLP, Zero Interest SHLP)

In some cases, the campus or department is able to offer a second mortgage under the Supplemental Home Loan Program whereby candidates can borrow up to 5% of the down payment. For combined financing less than \$2.37 million, the combined loan-to-value ratio can rise to 95%. See <http://tiny.ucsf.edu/supplemental> for more information. The chancellor and deans are now able to authorize a Zero Interest Program SHLP with a forgivable feature (ZIP-SHLP). The ZIP-SHLP program is more complex with additional risks to the campus and borrowers. Please see the ZIP Loan Program Overview for details (<http://tiny.ucsf.edu/zip>).

Eligible Properties

MOP and SHLP loans can be used for single-family homes or condominiums, but cannot be used for multi-family, Tenants-In-Common (TICs), or income-generating properties. MOP loans cannot be used for construction, renovation, or refinance.

The Mortgage Origination Program is a pre-approval program and candidates must be issued a pre-approval certificate before placing offers in order to utilize University financing.