

**UNIVERSITY OF CALIFORNIA HOME LOAN PROGRAM CORPORATION
SUPPLEMENTAL HOME LOAN PROGRAM**

Authorization for Zero Interest Supplemental Home Loan Program (ZIP Loan)

ZIP Participant Name: _____ Location: _____ Date: _____

The ZIP Loan provides a subordinate-lien mortgage loan with no monthly payments and zero percent interest with a forgiveness feature to assist with the purchase of a primary residence. Upon the Due Date, any outstanding principal balance would be fully due and payable and is considered a "balloon payment".

A balloon payment loan is defined as a Non-Qualified Mortgage under the Consumer Financial Protection Bureau's regulations. However, providing an option for an interest free and payment free loan product may increase affordability by reducing the monthly obligations for the purchase of a home. Also, the principal balance may be reduced due per the forgivable feature described below.

In January 2022, the Regents approved the ability for campuses to offer a ZIP Loan with approval by the Chancellor (or authorized designee) acknowledging that the loans are non-Qualified Mortgages.

ZIP Loan Participant: Only one ZIP loan and one ZIP participant is allowed per purchase transaction. The location will specify the ZIP Participant in this ZIP Loan Authorization Form.

Loan Overview

The Zero Interest SHLP (ZIP Loan) provides a loan with the following parameters:

- **Interest Rate:** Zero percent interest
- **Payment:** No monthly payment
- **Loan Term:** The loan term will be approximately 11 years depending on the funding date.
- **Due Date:** End of the loan term.
- **Repayment:** Upon the Due Date – the outstanding principal balance (original principal balance, less any forgiven amounts) is fully due and payable.
- **Transaction Type:** Purchase Only
- **Lien Position:** 2nd or 3rd position

Forgivable Feature:

Ten (10) percent of the original principal balance of the ZIP loan may be forgiven each year, with the annual written endorsement of the Department Chair or equivalent designee, provided that the participant:

- continues to be employed by the nominating University campus as an eligible participant, as defined in the Program guidelines;
- is in good standing; and
- is not in default on any term or condition of a Program loan.

I have reviewed the mortgage loan request for the above named ZIP Participant and hereby authorize a ZIP Loan.

The campus acknowledges and accepts the following:

1. A balloon payment loan is a non-Qualified Mortgage as defined by the Consumer Financial Protection Bureau regulations.
2. In the event of future litigation or other proceeding involving the Participant referenced above with regards to a non-Qualified Mortgage, the _____ campus assumes all responsibility for payment of all related litigation and other proceeding costs and the Program's liability, including, without limitation, any monetary awards.*

Signature of Chancellor (or authorized designee)

Date

Printed name of Chancellor (or authorized designee)

* Potential liability for failure to make a reasonable, good-faith determination of the borrower's ability to repay (ATR) may include, without limitation, (i) actual damages; (ii) not less than \$400 nor more than \$4000 in an individual action, or up to \$1 million or 1% of the net worth of the creditor in the case of a class action; (iii) finance charges and fees paid by the borrower; and (iv) the costs of the action (*i.e.*, court costs, attorneys' fees, etc.). See 15 U.S.C. § 1640(a). A borrower has three years from origination to file an affirmative claim; after three years, the borrower generally can only assert a violation as a defense by recoupment or set-off. *Id.*