

A stone wall sign for the University of California, Irvine. The sign is made of light-colored rectangular stones and features the university's name in large, dark, serif letters. To the left of the name is a circular seal of the University of California. The sign is set against a background of green trees and a clear blue sky. In the foreground, there is a field of tall, green grasses.

University of California, Irvine

UCI'S HOME LOAN PROGRAMS

UC MORTGAGE ORIGINATION PROGRAM (MOP)
UC SUPPLEMENTAL HOME LOAN PROGRAM (SHLP)
UC ZERO INTERST PROGRAM (ZIP)

UCI Division of Finance and Administration | With U • For U

What is MOP?

University of California's Mortgage Origination Program

A system wide loan program that offers housing loans to eligible members. The University of California operates as the lender. Loans are funded, managed, and serviced by the UC Office of Loan Programs house in the University's Office of the President.

Each campus is assigned a Home Loan Coordinator to operate as the main campus contact and is responsible for managing loan activity for their campus.

Per the UC Home Loan Program's Mortgage Origination Program Brochure¹, MOP is described as follows:

“The Mortgage Origination Program was developed by the University of California to support the recruitment and retention of faculty and Senior Managers by assisting them in the purchase of a principal residence near their work location. MOP is administered by the University of California Home Loan Program Corporation (UCHLP).”

¹ <https://www.ucop.edu/loan-programs/files/mopbrochure.pdf>

PROGRAM ELIGIBILITY

- Members of the Academic Senate
- Members of the Senior Management Group (SMG)
- Full-time appointment
- Limited Exceptions
 - Delegation for *specific* non-eligible titles
 - Requires Chancellor's Approval
 - Vice Provosts, Associate Vice Provosts, Associate Vice Chancellors, Assistance Vice Chancellors, Associate Deans, College Provosts
 - Health Science Clinical Instructor, Health Sciences Clinical Assistant Professor, Health Sciences Clinical Associate Professor, Health Sciences Professor
 - All other non-eligible titles require Presidential Approval.

INTENTION OF PROGRAM

First Time Purchase in the Local Area

First Time Participating in MOP

Property must be within reasonable distance of participant's work location.

Participant must not have owned a primary residence 12 months within the local area.

Property must be primary residence.

Loan may not be used for construction financing.

UC Mortgage Origination Program Parameters

- First Deed of Trust Loans
- Maximum Repayment Term is 30 Years
- Minimum 10% Down Payment
- Any loan greater than the current maximum threshold requires Presidential approval.
- Single Family Residence (5 acreage limit) or Condominium
- Property must be the principal place of residence for the primary MOP participant
- Repayment in full is required six months after separation from University (unless for University Retirement or disability)

MOP LOAN OPTIONS

Standard MOP

- Rate adjusts annually
- Maximum annual adjustment 1% up or down
- Maximum lifetime rate cap is 10% above rate in Year 1
- Maximum 30-year term
- Minimum 10% Down Payment

<https://www.ucop.edu/loan-programs/files/mopbrochure.pdf>

5/1 MOP

- Fixed Rate for 5 years, then adjusts annually for the remainder of the term. The sixth year it converts to a Standard MOP.
- Maximum 5% first adjustment.
- Maximum annual adjustment 1% up or down
- Maximum lifetime rate cap is 10% above rate in Year 1
- Maximum 30-year term
- Minimum 10% Down Payment

<https://www.ucop.edu/loan-programs/loan-programs/5-1mortgage-origination-program.html>

Why Choose MOP?

MOP Loans

Conventional Loans

Personalized service by UC Loan Representatives whose goals are to assist in faculty recruitment and retention	Customer Service	In most cases, applicant will work with a commissioned sales representative
No Points or Lender Fees	Fees	Most lenders charge Points (1% of loan amount), and other Lender Fees
No Private Mortgage Insurance (PMI) is required for any MOP loan	PMI	Most lenders require PMI for loans with a loan-to-value (LTV) ratio above 80%
For loans up to \$2,370,000*, a 10% downpayment is required (90% LTV) For loans over \$2,370,000*, a 20% downpayment is required (80% LTV) *Loans in excess of \$2,370,000 require additional approvals	Down Payment	Regardless of the loan amount, a 20% down payment is required by most lenders to avoid paying PMI or a higher rate
Maximum qualifying mortgage payment-to-income ratio is 40% Maximum qualifying overall debt-to-income ratio is 48%	Housing Ratio	Maximum qualifying housing payment-to-income ratio is typically 33% Maximum qualifying overall debt-to-income ratio is generally 43%
No impounds required	Impounds	Most lenders require impounds for loans with less than 20% downpayment
No prepayment penalty, teaser rate, or negative amortization	ARM Features	Some ARM loans that appear more attractive may have certain limitations
Mortgage payments are made through payroll deduction	Payments	Most payments are made directly by the borrower

NOTE: There is no one mortgage type which is uniformly advantageous for all borrowers. Potential applicants may want to explore other mortgage options to compare the respective features of available programs.

<https://www.ucop.edu/loan-programs/files/mopbrochure.pdf>

SUPPLEMENTAL HOME LOAN PROGRAM

The Supplemental Home Loan (**SHLP**) Program provides secondary financing to assist eligible faculty members and Senior Management Group employees in the acquisition of a principal place of residence. This Program may be used in conjunction with the University's Mortgage Origination Program to reduce the required cash down payment to as low as five percent. Program participation is subject to the availability of campus funding authority.

- 5% Required Borrower Equity

SHLP LOAN OPTIONS

Centrally-Funded SHLP Loan

Funded with the centrally-funded allocation disbursed to each campus by the UC Office of Loan Programs.

ZIP Loan

Funded by campus funds. Funding source must be identified and confirmed before offer is issued.

SHLP LOAN PARAMETERS

UCI **CF-SHLP** Program Guidelines

- Loans must be in second position.
- Must be for purchase transaction only.
- The maximum loan amount will be the *lesser* of 5.0% of the purchase price *or* \$35,000.
- The maximum term will be 10 years (120 months).
- The loans will have a fixed interest rate equal to the MOP Index in effect at loan commitment, plus .25 servicing fee.

ZIP Loan Summary



ZIP Loan Overview

ZIP loans may not be used toward the purchase of home in University Hills. Following are loan parameters:

	Description
Interest Rate:	0%
Payment:	No monthly payment
Loan Term:	Approximately 11 years depending on the funding date.
Due Date:	End of the loan term or upon separation from employment.
Loan Forgiveness:	Ten (10) percent of the original principal balance of the ZIP loan may be forgiven each year. Additional requirements.
Repayment:	Outstanding principal balance (original principal balance, less any forgiven amounts) is fully due and payable and is considered a "balloon payment" upon the due date.
Loan-to-Value Ratio:	ZIP loan can be combined with a primary loan, allowing program participants to finance up to 95% of a home purchase.
Lien Position:	Second or Third <i>Can be subordinate to an outside loan, subject to the program (+ standard fees) and primary lender's guidelines.</i>

<https://dfa.uci.edu/faculty-housing/shlp/zip.php>

ZIP LOAN PARAMETERS

UC ZIP Program Guidelines

- Loans must be in second position.
- Must be for purchase transaction only.
- The maximum term will be 10-11 years.
- Upon the due date, any outstanding principal balance (original principal balance, less any forgiven amounts) is due and payable by the ZIP loan participant (the "Primary Borrower") and is not contingent upon the sale price or fair market value of the house, or any other factor.
- Loan forgiveness will be reported as taxable income in the year forgiven on a W-2 form and is subject to standard withholding requirements.*
- ZIP loan is a below market-rate loan since the interest rate of "zero" is below the Applicable Federal Rate (AFR).
 - Below market-rate loans are subject to annual imputed interest income.
 - Imputed interest income will be reported as taxable income on a W-2 form and is subject to standard withholding requirements.*

*Participants should consult with their tax advisor if they have any questions concerning their tax situation.

ZIP LOAN PARAMETERS

UCI ZIP Program Guidelines

- Eligible program participant must be a full-time university appointee (Academic Senate or Senior Management Group) who is a designated by the hiring dean and approved by the Provost.
- The offer to utilize a ZIP loan is only valid to use within 4 years from appointment date.
- ZIP loans may not be used toward the purchase of home in University Hills.
- The Provost's contribution to ZIP loans applies only to faculty in the Ladder Rank or Professors of Teaching/LSOE title series.
- Other eligible senate faculty may also be offered the ZIP loan, but the entire funding amount must come from the unit, school and/or department.
- If Provost approved funding applies, the current maximum standard ZIP loan amount is **\$82,600**.
 - Any additional funding for ZIP loans must be funded by the unit, department, and/or school, separate from committed set-up funds.
- ZIP loan offers for any academic senate faculty *not* eligible for Provost funding, must be funded fully by the unit, department, and/or school.
- The maximum ZIP loan is **\$150K**.
- The maximum funding contribution provided by the Provost toward one purchase transaction is \$82,600, **even if two eligible participants who are purchasing a home together are offered a ZIP loan allocation**. The unit(s) will need to provide any amount greater than \$82,600 up to the \$150K maximum. Additional unit funds must be separate from committed set-up funds.

Resources

UC Office of Loan Programs Website

- <https://www.ucop.edu/loan-programs/index.html> (Overview)
- <https://www.ucop.edu/loan-programs/resources/index.html> (Resources)
- <https://mopqual.ucop.edu/main.php> (MOP Calculator)

UCI Home Loan Program Website

- <https://dfa.uci.edu/faculty-housing/index.php>
- Irvine Campus Housing Authority (ICHA) – University Hills
- <https://icha.uci.edu/>

Contact Information

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Questions?

Appendices

What about two faculty partners each with a ZIP loan offer?

The maximum funding contribution provided by the Provost toward one purchase transaction is \$82,600, **even if two eligible participants who are purchasing a home together are each offered a ZIP loan allocation.**

- The unit(s) will need to provide any amount greater than \$82,600 up to the \$150K maximum.
- Additional unit funds must be separate from committed set-up funds.

Combined ZIP funding will be documented that the balance due will be split according to the original funding source based on the % of the funding source toward the original loan amount.

For Example:

$\$82,600 \text{ (Provost)} + \$20,000 \text{ (Unit)} + \$20,000 \text{ (Unit)} = \$122,600$

Any balance due would be split to the original funding sources accordingly.

- $\$82,600 \text{ (Provost)} = 67.38\%$
- $\$20,000 \text{ (Unit)} = 16.31\%$
- $\$20,000 \text{ (Unit)} = 16.31\%$

Additional Combined ZIP Scenarios

Scenario 1 – Example of a primary ZIP holder plus additional equal amounts from units of each faculty partner, for a total of \$122,600. Additional unit funds must be separate from committed set-up funds.

$\$82,600 + \$20,000 + \$20,000 = \mathbf{\$122,600}$
(Provost + Unit Funds = \$102,000 **Primary Borrower**) + (\$20,000 Unit Funds **Co-Borrower**)

Scenario 2 – Full \$150K Combined ZIP, equal additional unit funding amounts. Additional unit funds must be separate from committed set-up funds.

$\$82,600 + \$33,700 + \$33,700 = \mathbf{\$150,000}$
(Provost + Unit Funds = \$116,300 **Primary Borrower**) + (\$33,700 Unit Funds **Co-Borrower**)

Scenario 3 – Full \$150K Combined ZIP, non-equal additional unit funding amounts. Additional unit funds must be separate from committed set-up funds.

$\$82,600 + \$47,400 + \$20,000 = \mathbf{\$150,000}$
(Provost + Unit Funds = \$130,000 **Primary Borrower**) + (\$20,000 Unit Funds **Co-Borrower**)

Scenario 4 – Any Amount Up to the Full \$150K Combined ZIP, equal or non-equal additional unit fully funding amounts with NO Provost contribution.

$\$75,000 + \$75,000 = \mathbf{\$150,000}$
(Unit Funds = \$75,000 **Primary Borrower**) + (\$75,000 Unit Funds **Co-Borrower**)

OR

$\$100,000 + \$50,000 = \mathbf{\$150,000}$
(Unit Funds = \$100,000 **Primary Borrower**) + (\$50,000 Unit Funds **Co-Borrower**)

What about Faculty Recruitment Allowances (FRAs)?

- No faculty or SMG are eligible for both an FRA and ZIP loan.
- FRA may only be used by exceptional request from Dean to the Vice Provost for Academic Personnel for new hires.
 - Maximum of \$25K
- ZIP or FRA (with exceptional approval) offers should be clearly outlined in the offer letter, not both, may not be offered as either/or option.