



University of California  
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*advancing health worldwide™*

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## **The UC Home Loan Programs—General Information**

### **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 of \$1 million for eligible appointments effective prior to September 1, 2016; and \$1.5 million for eligible appointments effective September 1, 2016 or later; 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 2.75%. In the special cases where 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 \$1.5 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 current actual rates above this minimum (3.75% as of July 2018). Current rates are posted [online](#).

### **The MOP Rate**

The MOP rate is based on the STIP rate (Short Term Investment Pool) of the University with a minimum rate of 2.75% (reduced from 3.0% effective 02/01/17). As such the MOP rate does not fluctuate as other mortgage rates do. The MOP rate has been holding at the minimum rate since August 2010.

### **Supplemental Home Loan Program (SHLP)**

In rare cases, a school or department is able to offer a second mortgage under the Supplemental Home Loan Program to assist with the down payment. For combined financing less than \$1.5 million, the combined loan-to-value ratio can rise to 95%.

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 be issued a pre-approval certificate before placing offers in order to utilize University financing.**