

**University of California Office of the President**  
Office of Loan Programs  
1111 Franklin Street, 6th Floor  
Oakland, CA 94607-5200

# ANNUAL REPORT

FY 2019-2020

*Annual Report on the University of California Housing Assistance Program*

# TABLE OF CONTENTS

## Contents

Letter from the Director _____	1
Loan Volume Statistics _____	2
Mortgage Origination Program Activity _____	4
Supplemental Home Loan Program Activity _____	5
Senior Management Group Statistics _____	6
Cumulative Program Data _____	7
Appendix A: Available Loan Products _____	10
Appendix B: Loans Requiring Additional Approval _____	12
Appendix C: University of California Home Loan Program Corporation Cumulative Statistics ____	14

# LETTER FROM THE DIRECTOR

## Letter from the Director

### ***Strategic Highlights***

The Office of Loan Programs administers the University of California Employee Housing Assistance Program (Program) on behalf of the University of California Home Loan Program Corporation (Corporation). Eligible participants are members of the Academic Senate and Senior Management Group at the University of California's ten campuses, five medical schools, the Lawrence Berkeley National Laboratory (LBNL), the Office of the President (UCOP), UC Hastings, and the Division of Agriculture and Natural Resources (ANR).

This report provides a summary of the Program results for the fiscal year ended June 30, 2020, including the total dollar amount of loans funded by the Corporation. Also included are the outstanding balances of Corporation loans at year-end, and the outstanding balance of loans that were funded prior to the formation of the Corporation.

This report also provides summary statistics for loans to Senior Management Group employees.

### ***Operating Highlights***

The Program offers first and second deed of trust loans through the Mortgage Origination Program (MOP) and the Supplemental Home Loan Program (SHLP) and their components.

MOP loans are first deed of trust mortgage loans funded using an allocation from the University's Short-Term Investment Pool (STIP). Allocations are approved by the President of the University of California.

SHLP loans are primarily second deed of trust mortgage loans and are funded from resources available at the campus locations. Centrally-Funded SHLP loans are funded from a designated central allocation. A full description of all available loan products is provided in Appendix A.

### ***Financial Highlights***

For the fiscal year ended June 30, 2020, the Office of Loan Programs funded 254 MOP loans totaling \$198.1 million and 45 SHLP loans totaling \$1.8 million. A total of two MOP loans and one SHLP loan were issued to Senior Management Group employees. The outstanding MOP portfolio balance of all active loans, including loans that have been sold to outside investors, was \$1.6 billion as of June 30, 2020.

**Jennifer Mays**  
**Interim Director – Office of Loan Programs**

# LOAN VOLUME STATISTICS

## Loan Volume Statistics – Mortgage Origination Program

During fiscal year 2019-2020, the total MOP loan volume was comprised of 254 loans with an aggregate dollar amount of \$198.1 million. The table below displays a breakdown of the number and dollar volume of loans by location. The total number of loans funded decreased by 142 loans (a 35.9% decrease), with a 33.1% decrease in the total dollar volume funded. No loans were issued to UCOP employees during the fiscal year.

Loans are designated as either recruitment or retention. Generally, recruitment loans are issued to applicants within four years of their University appointment. Each campus also has the option to offer a MOP loan for the purpose of retention. Although a formal offer letter from another institution is not required to substantiate the retention purpose, the campus is responsible for noting whether the loan is for the purpose of recruitment or retention.

The low downpayment requirements, lack of lender fees, favorable underwriting terms, and no required Private Mortgage Insurance contribute to the attractiveness of the MOP loan as a recruitment and retention tool, even during periods when outside interest rates are comparable to the MOP rate.

### *Mortgage Origination Program Statistics by Location*

LOCATION	NUMBER OF LOANS	\$ AMOUNT OF LOANS	AVERAGE LOAN AMT	RECRUITMENT	RETENTION
Berkeley	31	\$29,155,700	\$940,506	23	8
Davis	21	13,119,200	624,724	18	3
Irvine	33	16,431,750	497,932	31	2
Los Angeles	32	34,334,750	1,072,961	19	13
Merced	9	2,924,100	324,900	8	1
Riverside	19	9,358,950	492,576	18	1
San Diego	40	28,571,250	714,281	39	1
San Francisco	15	17,914,400	1,194,293	12	3
Santa Barbara	31	28,676,100	925,036	24	7
Santa Cruz	19	13,560,000	713,684	10	9
ANR	1	300,000	300,000	0	1
Hastings	1	1,260,000	1,260,000	0	1
LBNL	2	2,470,500	1,235,250	0	2
Totals/Average	254	\$198,076,700	\$779,830	202	52

# LOAN VOLUME STATISTICS

## Loan Volume Statistics – Supplemental Home Loan Program

During the fiscal year, 45 SHLP loans were funded, with an aggregate dollar amount of \$1.8 million. There was a 33% year-to-year decrease in the number of loans funded and a 78% decrease in the dollar volume of loans funded. As shown in the tables below, of the 45 SHLP loans funded, 39 were CF-SHLP loans. The locations that did not fund any SHLP loans during the fiscal year are not included in the tables.

### *Supplemental Home Loan Program Statistics by Location Loans Funded Using Location Resources*

LOCATION	NUMBER OF LOANS	\$ AMOUNT OF LOANS	AVERAGE LOAN AMT	RECRUITMENT	RETENTION
Los Angeles	1	275,000	275,000	0	1
San Francisco	1	45,500	45,500	1	0
Santa Cruz	4	170,650	42,663	4	0
Totals/Average	6	\$491,150	\$81,858	5	1

### *Supplemental Home Loan Program Statistics by Location Centrally-Funded Loans*

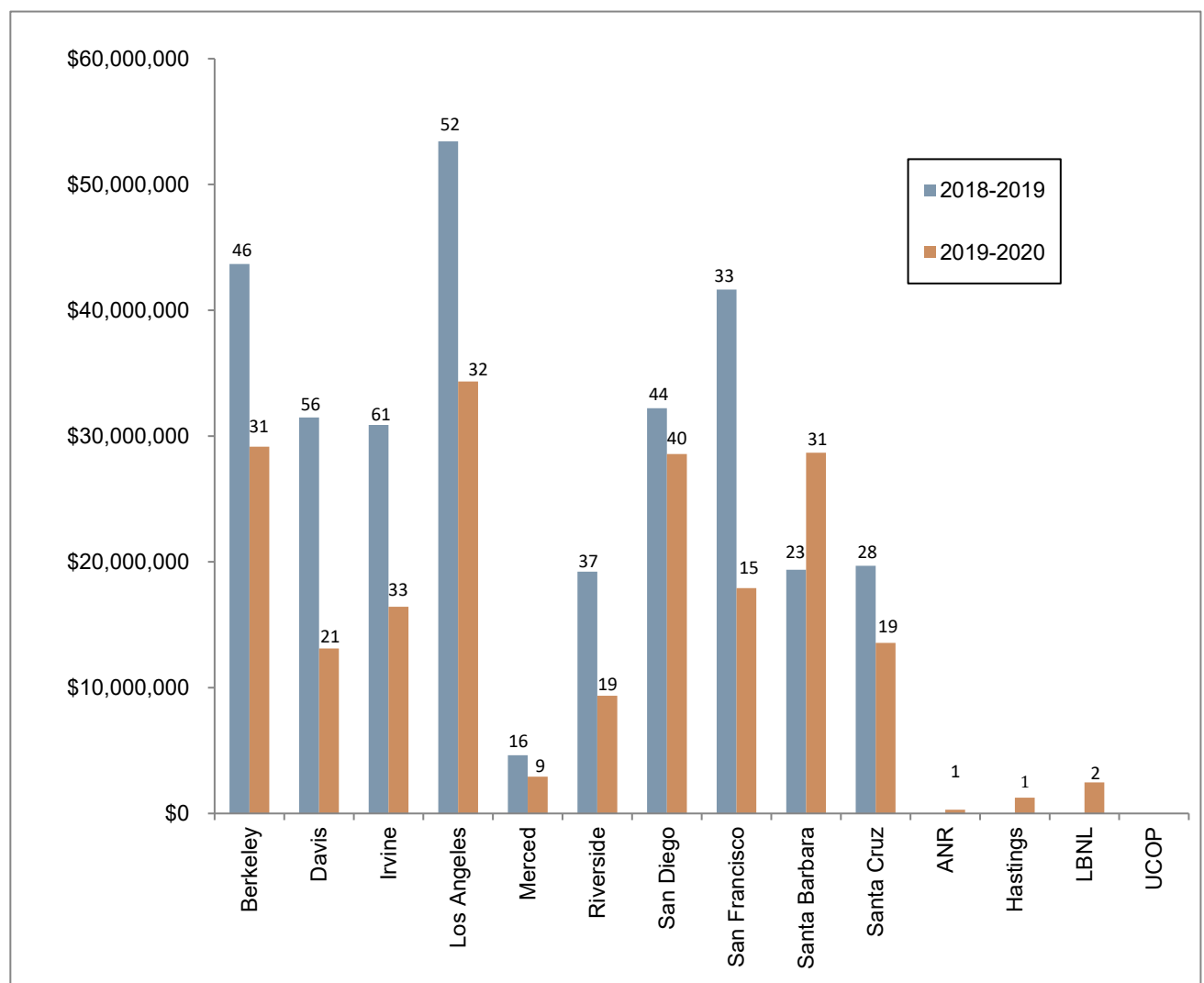
LOCATION	NUMBER OF LOANS	\$ AMOUNT OF LOANS	AVERAGE LOAN AMT	RECRUITMENT	RETENTION
Berkeley	9	\$419,300	\$46,589	8	1
Davis	2	60,800	30,400	2	0
Irvine	4	88,450	22,113	3	1
Los Angeles	3	149,550	49,850	1	2
Merced	1	16,250	16,250	1	0
Riverside	10	262,825	26,283	10	0
San Diego	8	185,000	23,125	8	0
San Francisco	2	108,500	54,250	1	1
Totals/Average	39	\$1,290,675	\$33,094	34	5

# MORTGAGE ORIGINATION PROGRAM ACTIVITY

## Mortgage Origination Program - Activity Levels by Location

The chart below displays a comparison of the number and dollar amount of MOP loans funded by location for the past two fiscal years.

*Number and Dollar Volume of MOP Loans  
Comparison of 2018-2019 and 2019-2020 Totals by Location*

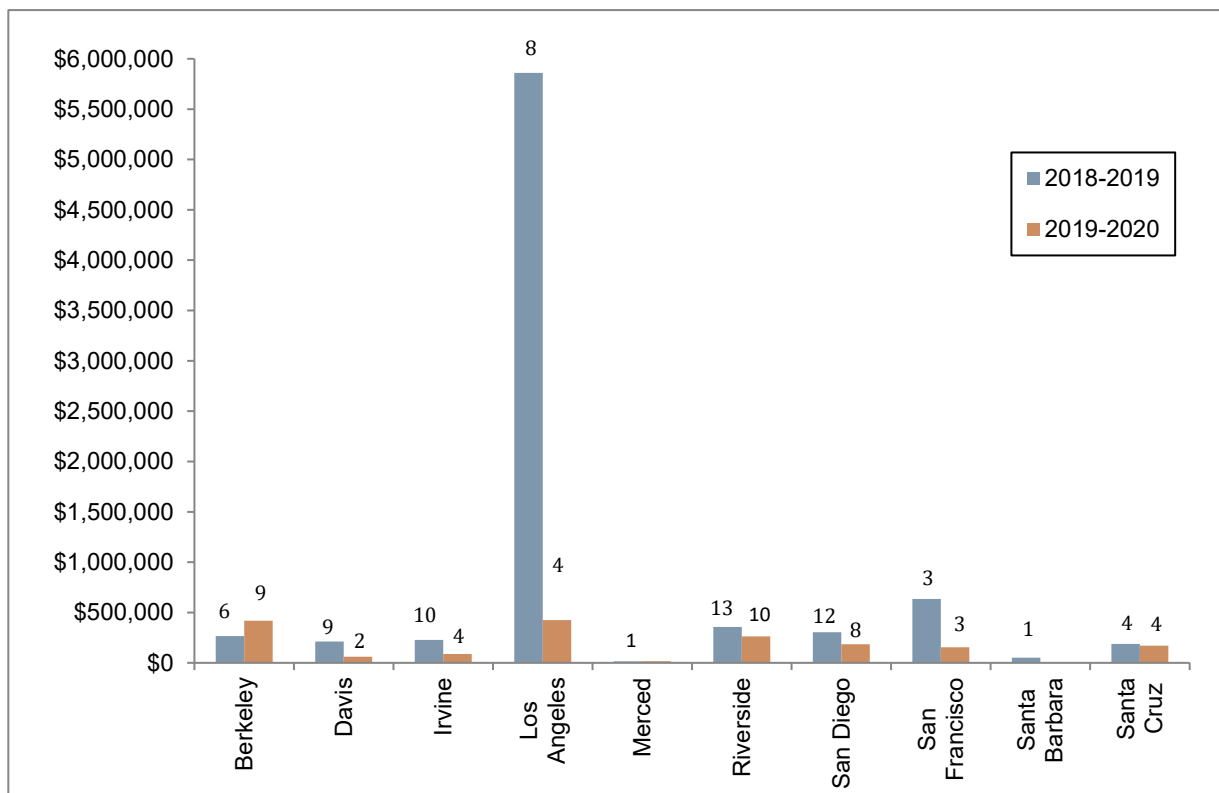


# SUPPLEMENTAL HOME LOAN PROGRAM ACTIVITY

## Supplemental Home Loan Program - Activity Levels by Location

The loan volume for the Supplemental Home Loan Program decreased by 33% (number of loans) and 78% (dollar volume of loans) in 2019-2020. This corresponds to the decrease in MOP loans, as SHLP loans are generally in second position behind a MOP loan. The chart below displays a comparison of the loan activity for the locations that issued SHLP loans.

*Number and Dollar Volume of SHLP Loans  
Comparison of 2018-2019 and 2019-2020 Totals by Location*



# SENIOR MANAGEMENT GROUP STATISTICS

## Senior Management Group Statistics

The majority of MOP and SHLP loans are issued to academic senate faculty, but Senior Management Group employees are also eligible for Program participation. Of the 254 MOP loans funded in 2019-2020, two were issued to Senior Management Group employees. The table below displays the statistics for the locations that provided loans to Senior Management Group employees.

### *MOP Loans to Senior Management Group Employees*

LOCATION	NUMBER OF LOANS	\$ AMOUNT OF LOANS	RECRUITMENT	RETENTION
Davis	1	\$841,500	1	0
Riverside	1	728,000	1	0
Totals	2	\$1,569,500	2	0

There was only one SHLP loan issued to a Senior Management Group employee in 2019-2020. The loan was funded by the Davis campus for \$45,000.



# CUMULATIVE PROGRAM DATA

## Loan Portfolio Statistics

### ***Mortgage Origination Program***

From Program inception in June 1984 through June 30, 2020, a total of 7,575 MOP loans have been funded, with an aggregate dollar amount of \$3.76 billion. The outstanding portfolio as of June 30, 2020 consists of 3,239 loans with a principal balance of \$1.6 billion. Of these loans, 1,358 remain as holdings of STIP and have an aggregate principal balance of \$900.5 million. The remainder of the loan portfolio has been sold to outside investors and consists of 1,881 loans with an aggregate principal balance of \$727.2 million.

### ***Supplemental Home Loan Program***

From Program inception in March 1993 through June 30, 2020, a total of 1,395 SHLP loans have been funded using fund sources available at the campus location, with an aggregate dollar amount of \$139.7 million.

From inception of the CF-SHLP program in November 2015, a total of 151 CF-SHLP loans have been funded, with an aggregate dollar amount of \$4.56 million.

The outstanding portfolio as of June 30, 2020 of all SHLP loans consists of 299 loans with a principal balance of \$28.4 million. Of these loans, 277 remain as University investments and have an aggregate principal balance of \$26.9 million. The remainder of the portfolio has been sold to outside investors and consists of 22 loans with an aggregate principal balance of \$1.5 million.

## Mortgage Origination Program Portfolio Loan Sales

In order to increase STIP liquidity and to make additional funds available for new MOP loans, the University periodically sells pools of loans to outside investors. In fiscal year 2019-2020, the University did not sell any loans. In order to make the MOP loans more attractive to investors, the minimum MOP interest rate was increased from 2.75% to 3.25% effective August 1, 2019.

Loans that are sold to outside investors continue to be serviced by OLP.

# CUMULATIVE PROGRAM DATA

## Mortgage Origination Program Earnings Analysis

On a monthly basis, OLP calculates the amount of interest due to STIP based on the outstanding portfolio balance of Regents-owned loans. Interest is calculated and paid on the same basis as other advances or loans made from STIP. Any excess earnings are retained in the Reserve. The funds in the Reserve are utilized to cover any MOP loan losses, and for other approved University initiatives.

In fiscal year 2019-2020, the Reserve increased by \$5.7 million in excess earnings.

MOP experienced a loan loss of \$5,011 during the fiscal year. In addition, forbearance was provided on eight MOP loans and two SHLP loans during the fiscal year for borrowers experiencing financial hardship due to the COVID-19 pandemic. Accrued interest on the MOP loans was added to the principal balance to be amortized over the remaining term of the loan. For the SHLP loans, the deferred payments were added to extend the term of the loan. No loan losses were realized as a result of this forbearance.

# APPENDIX A

## AVAILABLE LOAN PRODUCTS

### A.1 Mortgage Origination Program

The Mortgage Origination Program utilizes an allocation from STIP to issue first deed-of-trust mortgage loans to eligible participants. MOP loans, also referred to as Standard MOP loans, are 1-year adjustable interest rate loans with loan-to-value ratios of up to 90.0% and repayment periods of up to 30 years. Loans with maturities up to 40 years are available, but offering a loan with a term greater than 30 years requires approval by the Chancellor, LBNL Director or other authorized individual. Each location makes the determination whether to offer loans with terms greater than 30 years.

The MOP interest rate is defined as the most recently available four-quarter average earnings rate of STIP, plus an administrative fee of one-quarter of one percent (0.25%). MOP has had cumulative allocations of \$3.98 billion through June 2020. An additional allocation of \$250 million has been approved for the period July 1, 2020 through June 30, 2022.

MOP loans funded on or after January 1, 2014 have an interest rate cap of 10.0% above the initial loan interest rate. Between February 1, 2017 and July 31, 2019, the minimum MOP interest rate was 2.75% for newly-originated loans. Effective August 1, 2019, the minimum MOP interest rate is 3.25% for newly-funded loans.

### A.2 Graduated Payment Mortgage Origination Program

The Graduated Payment MOP (GP-MOP) is a loan that provides a lower interest rate to the borrower during the initial years of the loan. The initial rate paid by the borrower is a set percentage less than the MOP Rate. This percentage, known as the Interest Rate Differential, changes each year, so that the difference between the Borrower Rate and the Standard Rate gradually decreases. After a pre-determined number of years, the borrower will pay the Standard MOP rate. The location reimburses STIP for any shortfall in earnings resulting from the lower interest rate paid by the borrower.

Of the 254 MOP loans funded in fiscal year 2019-2020, no GP-MOP loans were funded.

# APPENDIX A

## AVAILABLE LOAN PRODUCTS

### **A.3 5/1 Mortgage Origination Program**

The 5/1 Mortgage Origination Program (5/1-MOP) loan is a fully-amortizing mortgage loan that offers a fixed interest rate and payment for the first five years of the loan, after which the loan converts to a Standard MOP loan for the remaining loan term. Of the 254 MOP loans funded in fiscal year 2019-2020, 143 5/1-MOP loans were funded, with a total dollar amount of \$104.8 million. The number of loans likely increased due to the 5/1 MOP rate being equal to the Standard MOP rate for eleven months of the fiscal year.

### **A.4 Supplemental Home Loan Program**

The Supplemental Home Loan Program (SHLP) primarily provides second deed-of-trust mortgage loans. SHLP loans are funded from authorized location sources, or from the centrally-funded pool described in Section A.5. State funds cannot be used as a funding source.

### **A.5 Centrally-Funded Supplemental Home Loan Program**

The CF-SHLP loans are funded from the Faculty Housing Programs Reserve Fund. An initial allocation of \$5.5 million was approved in November 2015. An additional \$5 million allocation was approved with an effective date of July 1, 2019.

## APPENDIX B

### LOANS REQUIRING ADDITIONAL APPROVAL

Current Program parameters provide for an additional approval process to address unusual recruitment or retention needs. The tables below summarize loans that required additional approval during fiscal year 2019-2020, and cumulatively since program inception.

#### ***MOP Loans Requiring Additional Approval***

##### ***Fiscal Year 2019-2020***

CATEGORY	NUMBER OF LOANS	\$ AMOUNT OF LOANS	AVERAGE LOAN AMOUNT	RECRUITMENT	RETENTION
Non-Standard Title					
Los Angeles	1	\$ 1,500,000	\$ 1,500,000	0	1
ANR	1	\$ 300,000	\$ 300,000	0	1
LBNL	2	\$ 2,470,500	\$ 1,235,250	0	2

#### ***MOP Loans Requiring Additional Approval***

##### ***Cumulative Statistics: June 1984 – June 2020***

CATEGORY	NUMBER OF LOANS	\$ AMOUNT OF LOANS	AVERAGE LOAN AMOUNT	RECRUITMENT	RETENTION
Maximum Loan Amount	12	\$ 19,246,500	\$1,603,875	9	3
Non-Standard GP-MOP Terms	15	\$ 14,897,650	\$ 993,177	10	5
Non-Standard Title	88	\$ 70,019,880	\$ 795,680	67	21
Position Requiring Regents Approval	39	\$ 30,992,300	\$ 794,674	35	4

## APPENDIX B

### LOANS REQUIRING ADDITIONAL APPROVAL

#### *SHLP Loans Requiring Additional Approval*

##### *Fiscal Year 2019-2020*

There were no SHLP loans requiring additional approval in fiscal year 2019-2020.

#### *SHLP Loans Requiring Additional Approval*

##### *Cumulative Statistics: June 1984 – June 2020*

CATEGORY	NUMBER OF LOANS	\$ AMOUNT OF LOANS	AVERAGE LOAN AMOUNT	RECRUITMENT	RETENTION
Maximum Loan Amount	3	\$ 390,750	\$ 130,250	3	0
Non-Standard Title	49	\$ 14,549,892	\$ 296,937	34	15
Position Requiring Regents Approval	7	\$ 5,081,200	\$ 725,886	7	0

# APPENDIX C

## UNIVERSITY OF CALIFORNIA HOME LOAN PROGRAM CORPORATION

### CUMULATIVE STATISTICS – THROUGH 6/30/2020

The University of California Home Loan Program Corporation (Corporation) was formed to perform the residential lending activities associated with the University's Housing Assistance Program.

From the establishment of the Corporation in February 2014 through June 30, 2020, 1,824 MOP loans have been funded with an aggregate dollar amount of \$1.26 billion. The outstanding principal balance of Corporation MOP loans is \$837.3 million as of June 30, 2020.

During the same time period, 282 SHLP loans have been funded with an aggregate dollar amount of \$23.2 million. The outstanding principal balance of SHLP loans originated by the Corporation is \$17.2 million as of June 30, 2020.

# APPENDIX C

## UNIVERSITY OF CALIFORNIA HOME LOAN PROGRAM CORPORATION

### CUMULATIVE STATISTICS – THROUGH 6/30/2020

#### *Mortgage Origination Program Statistics by Location – Corporation Loans*

Location	Number of Loans	Dollar Amount of Loans	Average Loan Amount	Recruitment	Retention
Berkeley	208	\$175,504,500	\$843,772	165	43
Davis	247	135,950,830	550,408	192	55
Irvine	284	140,841,050	495,919	253	31
Los Angeles	218	212,139,500	973,117	133	85
Merced	71	21,016,100	296,001	68	3
Riverside	162	78,077,550	481,960	146	16
San Diego	238	161,520,050	678,656	226	12
San Francisco	121	131,978,950	1,090,735	103	18
Santa Barbara	132	104,206,350	789,442	105	27
Santa Cruz	119	71,254,750	598,779	84	35
LBNL	6	6,805,750	1,134,292	2	4
UCOP*	18	15,933,300	885,183	13	5
Totals/Average	1,824	\$1,255,228,680	\$688,174	1,490	334

*\*Includes ANR and UC Hastings loans*



# APPENDIX C

## UNIVERSITY OF CALIFORNIA HOME LOAN PROGRAM CORPORATION

### CUMULATIVE STATISTICS – THROUGH 6/30/2020

#### *Supplemental Home Loan Program Statistics by Location – Corporation Loans*

Location	Number of Loans	Dollar Amount of Loans	Average Loan Amount	Recruitment	Retention
Berkeley	29	\$2,469,600	\$85,159	25	4
Davis	36	835,190	23,200	28	8
Irvine	57	1,342,050	23,545	54	3
Los Angeles	26	9,942,450	382,402	10	16
Merced	3	40,350	13,450	3	0
Riverside	36	924,625	25,684	35	1
San Diego	46	1,263,000	27,457	42	4
San Francisco	27	5,547,850	205,476	22	5
Santa Barbara	1	51,450	51,450	1	0
Santa Cruz	20	772,450	38,623	13	7
UCOP	1	58,750	58,750	1	0
Totals/Average	282	\$23,247,765	\$82,439	234	48