

**The University of California Home Loan Program Corporation
Charter: Audit Committee**

A. Purpose

The Audit Committee (the “Committee”) of The University of California Home Loan Program Corporation (“Corporation”) was created by action of a majority of the directors of the Corporation then in office to assist the Board of Directors (“Board”) with its oversight responsibilities in connection with the Corporation’s annual audit and related activities. Specifically, the Committee shall be responsible for (1) determining the integrity of financial statements, (2) recommending to the Board the retention and termination of the independent auditor, including recommendations about the independent auditor's compensation, (3) reviewing the performance of the independent auditors, including conferring with the auditor to ensure that the financial affairs of the Corporation are in order, (4) reviewing and determining whether to recommend to the Board to accept the audit, (5) providing an avenue of communication between management, the independent auditors and the Board, (6) ensuring compliance with the Corporation’s conflict of interest policy, and (7) confirming the employment of sound business practices, prudent risk management and ethical behavior.

B. Authority

The Committee has authority to recommend to the Board audit services and permitted non-audit services provided by the external auditors. The Committee may investigate any matter within its purview with full access to all books, records, facilities, employees and consultants of the Corporation and has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties. The Committee has authority to advise the Board but does not have delegated authority to act on behalf of the Board.

C. Membership

The Committee shall have no less than two and no more than three members. All members shall be able to read and understand financial statements and have an understanding of internal controls and audit committee functions. Upon the recommendation of the Committee, the Board may add non-voting Advisory Participants. To assume an appropriate level of independence, no person receiving any monetary compensation from the Corporation may serve as a member or Advisory Participant. The committee shall not include: any members of the staff of the Corporation, the Corporation’s President or Chief Executive Officer or the Corporation’s Treasurer or Chief Financial Officer. In the event that a Finance Committee is created with respect to the Corporation, membership on the Committee shall comply with the restrictions set forth in the California Government Code.

D. Meetings

In addition to providing its annual report to the Board, the Committee shall meet at least once a year, with authority to convene additional meetings as required, to fulfill all of the obligations and duties outlined in this Charter. At least annually, the Committee shall meet with management and the external auditors in separate executive sessions. The Committee will also meet with the Corporation's independent auditor at least annually to discuss the financial statements of the Corporation.

The Committee shall have at least one preparatory phone meeting in advance of the annual meeting, at least one preparatory phone meeting in advance of the Committee meeting with management and at least one preparatory phone meeting in advance of the Committee meeting with the Corporation's external auditor.

Members of the Committee are expected to attend each Committee meeting, in person or via telephone or videoconference. The Committee may invite other individuals, such as other technical experts to attend meetings, as necessary.

Meeting agendas will be prepared for every meeting and provided to the Committee members along with briefing materials one calendar week before the scheduled Committee meeting. The Committee will act only on the affirmative vote of a majority of the members at a meeting or by unanimous consent. Minutes of these meetings will be recorded and approved.

E. Duties and Responsibilities

It is not the Committee's duty to plan or conduct audits or to determine that the Corporation's financial statements are complete and fairly present the financial position, changes in net assets and cash flows in accordance with generally accepted accounting principles. These activities are the responsibility of management and the external auditor. In carrying out its responsibilities, the Committee shall perform the following functions:

Financial Statements

1. Recommend approval of the annual audited financial statements after review with management and the external auditors, including review of major issues regarding accounting and auditing principles and practices.
2. Discuss with management and the external auditors significant financial reporting issues and judgments made in connection with the preparation of the financial statements.
3. Review any major changes in the Corporation's auditing and accounting principles and practices.
4. Consider the effectiveness of internal control systems, including information technology security and control.

External Audit

5. Recommend annually to the Board the appointment of the external auditors and the fees to be paid to the external auditors.
6. Review and approve the external auditors' planned audit scope and approach.
7. Annually assess the independence of the external auditor by reviewing a written communication issued by the external auditor and discuss any relationships disclosed that may impact auditor objectivity and independence.
8. Annually obtain a report from the external auditor regarding required communications under professional standards.

Internal Controls and Risk Management

9. Review management's assessment of the effectiveness of the Corporation's major policies, procedures, and review the report on internal controls by the independent auditor as a part of the financial audit engagement.
10. Annually review the Corporation's draft Internal Revenue Service Form 990 and related documents.
11. Review with the Corporation's legal counsel legal matters that may have a material impact on the financial statements.
12. Obtain from the external auditor assurance that it will promptly inform the Corporation's management concerning any information indicating that an illegal act has or may have occurred and assure that information has been conveyed to the Committee.

Reporting

13. Regularly report to the Board about Committee activities and issues that arise with respect to the quality or integrity of financial statements and the performance and independence of the external auditors.
14. Provide an open avenue of communication between the Board and the auditors.
15. Periodically review and assess the adequacy of the Committee Charter, requesting Board approval for proposed changes.
16. Annually assess the fulfillment of the duties specified in this Charter and report any findings to the Board.