



# Graduated Payment Mortgage Option

The Graduated Payment Mortgage (GP-MOP) provides a lower interest rate during the initial years of the loan (Rate Differential Period). The interest rate for the borrower cannot go below 3.0%. The interest differential declines each year by a fixed amount until the MOP Standard Rate is reached. This provision results in a lower initial monthly payment, thereby expanding the range of purchase prices affordable to those prospective borrowers who expect their income to rise in subsequent years. At the end of the Rate Differential Period, the GP-MOP component will cease and the loan interest rate will be adjusted in the same manner as a Standard MOP loan.

## General Guidelines

<b>Maximum Loan-to-Value Ratio:</b>	<b>Same as Standard MOP LTV Thresholds</b>
<b>Maximum Loan Term:</b>	<b>35 Years</b>
<b>Maximum Payment-to-Income Ratio:</b>	<b>38%</b>
<b>Qualifying Interest Rate:</b>	<b>Initial GP-MOP Interest Rate</b>
<b>Minimum Borrower Rate:</b>	<b>3%</b>

## QUESTIONS?

Contact your Campus Housing Programs Representative or the Office of Loan Programs regarding the loan application process.

## Loan Features

- **Increased affordability** during Rate Differential Period due to:
  - lower qualifying rate when compared to the MOP Standard Rate and conventional mortgage rates
  - lower initial monthly payments than would be paid on a loan at the MOP Standard Rate or conventional mortgage rates
- **Greater Purchasing Power**
- **No Negative Amortization**

## Important Considerations

- The lower initial monthly payments are phased out during the Rate Differential Period, resulting in an annual increase in the interest rate and payment amounts
- If your income does not increase sufficiently during the Rate Differential Period, you may be required to spend a higher percentage of your income for the loan payment
- Each campus determines funding for GP-MOP loans. Central funds are not available for this Program



University of California  
Office of Loan Programs  
1111 Franklin Street, 6<sup>th</sup> Floor  
Oakland CA 94607-5200  
Phone (510) 987-9000  
Fax (510) 287-3892  
[www.ucop.edu/facil/olp](http://www.ucop.edu/facil/olp)