

# GRADUATED PAYMENT MORTGAGE ORIGINATION PROGRAM

## PROGRAM OVERVIEW

The Graduated Payment Mortgage (GP-MOP) provides a first deed of trust loan with a reduced interest rate during the initial years of the loan (Rate Differential Period). The interest rate for the borrower cannot go below 3.0%. The difference between the MOP rate and the reduced rate (Interest Rate Differential) becomes smaller each year by a stated 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

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

## QUESTIONS?

Contact the local Campus Housing Programs Representative or the Office of Loan Programs for more detailed information.

## 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.

NOTE: This Program brochure is a general description of the Program and if there is a conflict between the Program brochure and the official Program policies, the Program policies will prevail.



Office of Loan Programs  
University of California