



From the Director's Desk

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MOP Interest Rate:

3.70%

May 2005 – July 2005

For Historical MOP Rate Information, visit http://www.ucop.edu/facil/olp/mop_hist.html

To compare our MOP Rate with conventional mortgage rates, visit <http://www.ucop.edu/facil/olp/mopcomp.htm>

For more information about our Products and Services, visit our home page at www.ucop.edu/facil/olp/

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In the last newsletter I reported that the MOP Standard Rate was holding at 3.60% through at least January 31, 2005, for a total of six months at that rate. The rate effective February 1, 2005 is 3.65%, which continues to maintain the buying power of the MOP loans and the competitiveness of the program, while continuing to minimize the near-term costs to the campuses for the GP-MOP loans. Given the past and predicted future increases in the Federal Funds rate, we can anticipate facing gradual rate increases over the next year.

The Fannie Mae conforming loan limit for single-family homes was increased from \$333,700 to \$359,650 effective January 1, 2005. In the general mortgage lending industry, loans above the conforming loan limit are priced with higher interest rates than those under the limit. Although the limit does not directly affect MOP and SHLP borrowers, it highlights one of the advantages of the University programs in that the interest rate charged on loans is the same regardless of loan size.

MOP loan activity for the first six months of this new fiscal year is ahead of the pace set in 2003-04 by approximately 27%. As of December 31st, 152 MOP loans had been funded in an aggregate dollar amount of \$71.5 million for an average loan amount of \$464,500. On December 9, 2004 the billion dollar mark for MOP loans originated was reached, with the closing of the 3,179th MOP loan. The loan that put us over the top was in the amount of \$629,000 and originated from the Santa Barbara campus.

Phase VIII of homes in the University Hills for-sale housing development at the Irvine campus is nearing completion. This phase is made up of 80 three and four-bedroom single-family homes, with prices ranging from \$260,000 to \$525,000. The first loan in this phase closed in November 2004, and all of the homes are scheduled to be completed and occupied by Fall of 2005.

During the last half of December, all active UC employees should have received a mailing from Wells Fargo Bank announcing their addition to our affinity lender program. They have established a toll free phone line (1-877-291-4331) and a dedicated Internet site (www.employeemortgage.com/UC0897) for employees to use in learning about the program and/or applying for home loan products. If there is need for assistance on financing a home in a UC For-Sale housing development, Mr. Keith Muth at 415-222-6313 should be contacted directly.

Finally, I would like to welcome the newest Home Loan Coordinator, John Gaffney, at the Santa Barbara campus. John replaces Linda Toomey, who provided many years of service to the University and the Loan Programs, and left the University in December 2004 to move back East. John is a UC Santa Barbara graduate who has most recently been working as a Real Estate Agent in the Santa Barbara area. He has previously worked at the University in the National Center for Ecological Analysis and Synthesis (NCEAS), and in the Development Office. John can be reached at jgaffney@housing.ucsb.edu or 805-893-3772.

--Steve Mathews

We would like to recognize Linda MacEachern at the Los Angeles campus for her suggestion to update some language in the Program Description and Application Certification Form (OLP-31). Page 1, Section "B", Item 2 has been revised to read "participation may continue when separation **from University service** is due to disability or retirement **under the provisions of the University of California Retirement Plan or other retirement plan to which the University contributes on behalf of the participant**" (new language in italics). This new language clarifies that retirement must be from the University, not just retirement in general. The revised form is available on our web-site, and should be used for all new loan applicants.

-- Ruth Assily

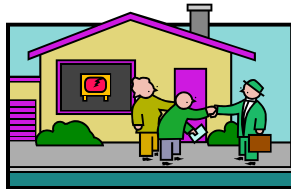
Overview of Professionals Involved in a Real Estate Transaction

The process of purchasing a home and obtaining financing can be quite overwhelming for many people, especially first-time homebuyers. By educating yourself and understanding the roles that each party plays in the process, it can help make the home buying experience much easier.

When financing your purchase through the UC Home Loan Program, you will be working with University staff and other outside entities that are needed to ensure a successful purchase. Below is a brief description of those entities most commonly involved, either directly or indirectly, in your real estate transaction.

Realtor:

A realtor is a licensed professional who usually specializes in a geographic area and will work with you to locate a desirable home. Generally, buyers and sellers are each represented by their own realtor (often referred to as selling agent and listing agent, respectively). Realtors are independent entities who receive a percentage of the sales price as their commission. It is important that, as a buyer, you find a qualified and reputable realtor to assist you in finding a home and negotiating a satisfactory purchase contract.



Lender:

The University of California Office of Loan Programs, in cooperation with the Home Loan Coordinator at each campus, basically functions as an "in house lender". The University Housing Programs offer flexible terms in financing the purchase of your new home. There are also many other types of lenders available to assist you

with financing your purchase, such as commercial banks, savings and loans, and credit unions. In addition, you may choose to work with a mortgage broker who can provide you with a comparison of loan products that are available from different sources. There are also many on-line lenders available.



Escrow Officer:

An Escrow Company acts as a neutral third party who carries out the instructions of both the buyer and seller and handles all the paperwork at settlement or "closing" with all terms as agreed upon by all parties. An Escrow Officer's function is to guarantee a valid transfer of the monies to the seller and proper Title of the property to you, as the buyer.

Appraiser:

A licensed appraiser is contracted by the lender to provide a detailed valuation report on the property to verify if the negotiated purchase price is supported by local market data. The appraisal report is released to the lender and is required as a condition to the loan. All appraisers used for a UC home loan must be on the University-approved appraiser list.

Credit Agencies:

These are independent agencies that collect information about your credit history, including public records dealing with financial matters. The credit agencies will generate a FICO credit score that is used to "rate" the credit standing of a borrower based on available information ([click here for more information about FICO](#)). A credit report is always obtained on your behalf by the lender.

Termite / Home Inspector:

A termite inspector is a licensed professional who is obligated by law to report any damage in visible and accessible areas of the property caused by wood destroying organisms ("termites") and/or by moisture ("dry rot"). Any damage found is classified as Section 1 (visible evidence of infestation or damage) or Section 2 (conditions likely to cause damage). A termite inspection report is required on all UC Home Loan Program purchase transactions, as well as repair of all Section I items.

A home inspector is a professional who provides an assessment of the structural and mechanical condition of the property. It is recommended that all buyers obtain a home inspection for the purposes of knowing the current condition of the property.



-- Terri Mira

Question of the Quarter



Does the University ever sell its home loans in the secondary market?

Yes. In March 2002, the Regents approved a program that allows the periodic sale of Mortgage Origination Program loans to outside investors, on the condition that the University's Office of Loan Programs retain all loan servicing functions. Since July 2002, the University has sold over \$600 million in loans to various investors. To ensure privacy, the University has signed confidentiality and non-solicitation agreements with all of its investors. The purpose of the loan sale program is to increase the availability of funds for future loan allocations, so that the University can increase the number of loans available to assist with the recruitment and retention needs of new and existing employees.



As loan servicer, the University will continue to process payments and monitor all aspects of the loans, including hazard insurance compliance, property tax payments, on-going program eligibility, and delinquency situations.

Please feel free to contact our office if you have any questions about your loan.

-- Jay Valancy

Notes of Appreciation (from Borrower Surveys)

- ❖ I wish to compliment [OLP Staff] for their excellent help during this process. It appeared very simple (from a user view) and made that part of my relocation problem-free. Thanks to them and other team members.
- ❖ [Campus Rep] was fantastic!! Knowledgeable, helpful, accessible, made everything smooth.
- ❖ I was very satisfied with the online application and funding process.
- ❖ Overall, a wonderful experience- [Campus Rep] was just amazing. I had two other lending options and am very glad to have chosen the MOP. Many thanks!
- ❖ I am extremely happy with the loan application process. Job well done! Great lender! [Campus Rep] is excellent! [OLP Staff] is great! Thank you all for the effort!

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OLP Announcements

◆ Office Closed for the Holidays

- 2/21 Presidents' Day
- 3/25 Cesar Chavez

**Do you have a topic you would like to see covered in OLP Net News?
E-mail us at olp@ucop.edu**