

University of California Office of the President
Office of Loan Programs
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ANNUAL REPORT

FY 2020-2021

Annual Report on the University of California Housing Assistance Program

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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, 2021, 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, 2021, the Office of Loan Programs funded 128 MOP loans totaling \$104.4 million and 42 SHLP loans totaling \$6.1 million. A total of four MOP loans and three 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 \$1.3 billion as of June 30, 2021.

Jennifer Mays
Director – Office of Loan Programs

LOAN VOLUME STATISTICS

Loan Volume Statistics – Mortgage Origination Program

During fiscal year 2020-2021, the total MOP loan volume was comprised of 128 loans with an aggregate dollar amount of \$104.4 million. The table below displays a breakdown of the number and dollar volume of loans by location. Compared to the prior fiscal year, the total number of loans funded decreased by 126 loans (a 49.6% decrease), with a 47.3% 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 down payment 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 – Fiscal Year 2020-2021

| LOCATION | NUMBER OF LOANS | \$ AMOUNT OF LOANS | AVERAGE LOAN AMT | RECRUITMENT | RETENTION |
|----------------|-----------------|--------------------|------------------|-------------|-----------|
| Berkeley | 18 | \$18,881,000 | \$1,048,944 | 16 | 2 |
| Davis | 19 | 11,497,050 | 605,108 | 16 | 3 |
| Irvine | 20 | 12,871,950 | 643,598 | 19 | 1 |
| Los Angeles | 5 | 4,704,000 | 940,800 | 3 | 2 |
| Merced | 5 | 1,718,500 | 343,700 | 5 | 0 |
| Riverside | 6 | 3,784,650 | 630,775 | 6 | 0 |
| San Diego | 15 | 12,304,900 | 820,327 | 15 | 0 |
| San Francisco | 15 | 20,576,000 | 1,371,733 | 14 | 1 |
| Santa Barbara | 7 | 6,137,800 | 876,829 | 3 | 4 |
| Santa Cruz | 17 | 11,289,350 | 664,079 | 10 | 7 |
| ANR | 0 | 0 | 0 | 0 | 0 |
| Hastings | 0 | 0 | 0 | 0 | 0 |
| LBNL | 1 | 625,000 | 625,000 | 0 | 1 |
| Totals/Average | 128 | \$104,390,200 | \$815,548 | 107 | 21 |

LOAN VOLUME STATISTICS

Loan Volume Statistics – Supplemental Home Loan Program

During the fiscal year, 42 SHLP loans were funded, with an aggregate dollar amount of \$6.1 million. There was a 6.7% year-to-year decrease in the number of loans funded and a 244% increase in the dollar volume of loans funded. The substantial increase in dollar volume is primarily due to three loans, each over \$1M, issued by the Los Angeles campus. As shown in the tables below, of the 42 SHLP loans funded, 26 were Centrally Funded-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 Fiscal Year 2020-2021

| LOCATION | NUMBER OF LOANS | \$ AMOUNT OF LOANS | AVERAGE LOAN AMT | RECRUITMENT | RETENTION |
|----------------|-----------------|--------------------|------------------|-------------|-----------|
| Berkeley | 2 | \$ 590,000 | \$ 295,000 | 2 | 0 |
| Davis | 3 | 73,550 | 24,517 | 3 | 0 |
| Los Angeles | 4 | 4,464,050 | 1,116,013 | 2 | 2 |
| San Francisco | 3 | 155,000 | 51,667 | 2 | 1 |
| Santa Cruz | 4 | 139,100 | 34,775 | 3 | 1 |
| Totals/Average | 16 | \$5,421,700 | \$338,856 | 12 | 4 |

Supplemental Home Loan Program Statistics by Location Centrally-Funded Loans Fiscal Year 2020-2021

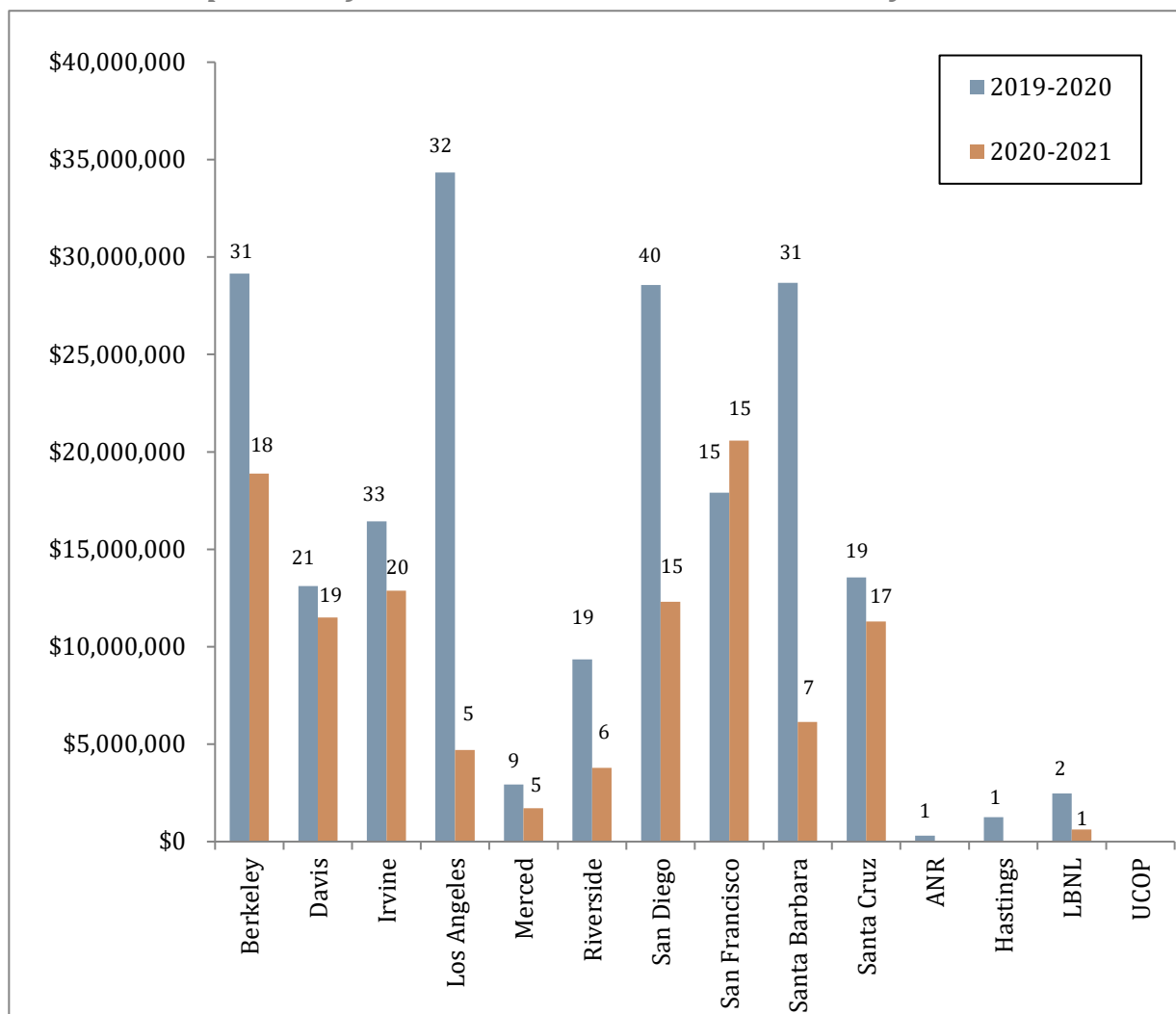
| LOCATION | NUMBER OF LOANS | \$ AMOUNT OF LOANS | AVERAGE LOAN AMT | RECRUITMENT | RETENTION |
|----------------|-----------------|--------------------|------------------|-------------|-----------|
| Berkeley | 4 | \$139,000 | \$34,750 | 4 | 0 |
| Irvine | 6 | 148,550 | 24,758 | 6 | 0 |
| Los Angeles | 1 | 51,950 | 51,950 | 0 | 1 |
| Merced | 5 | 88,400 | 17,680 | 5 | 0 |
| Riverside | 3 | 104,500 | 34,833 | 3 | 0 |
| San Diego | 7 | 176,000 | 25,143 | 7 | 0 |
| Totals/Average | 26 | \$708,400 | \$27,246 | 25 | 1 |

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 2019-2020 and 2020-2021 Totals by Location*

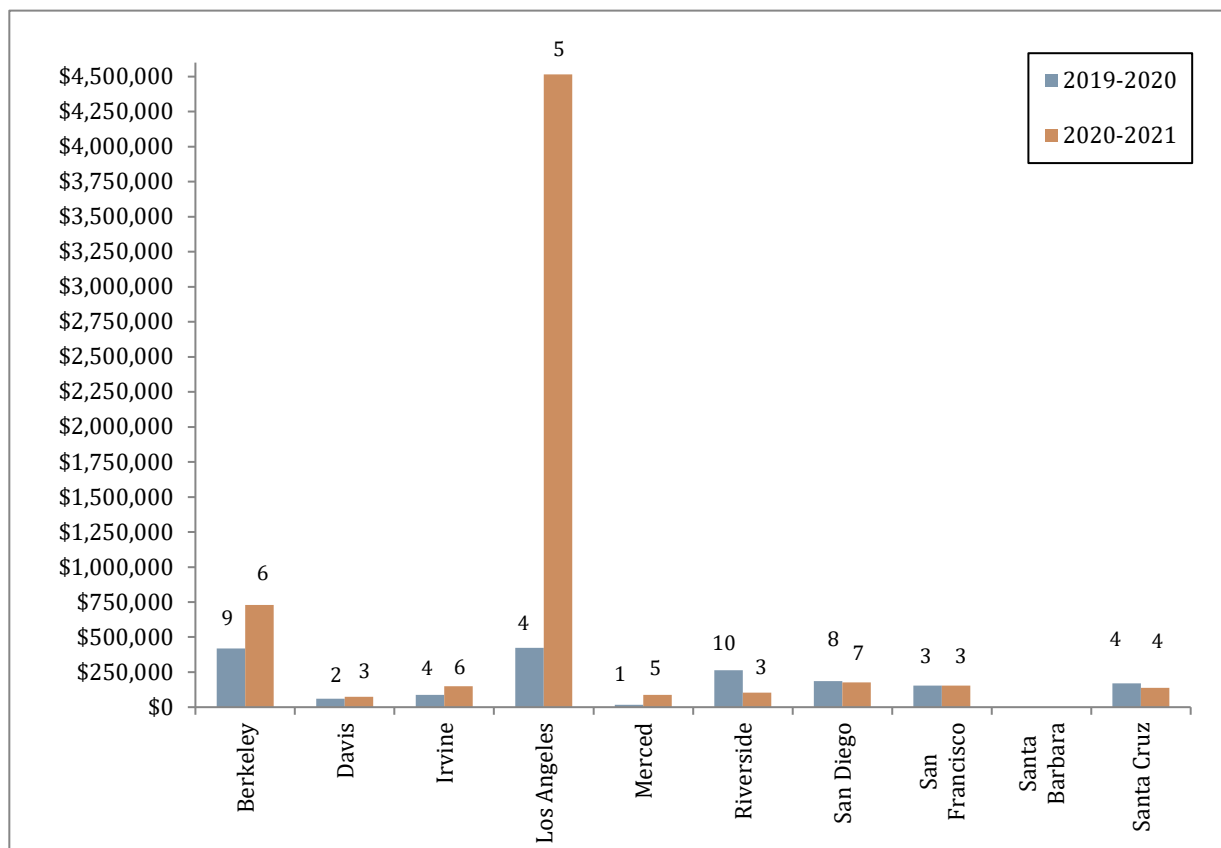


SUPPLEMENTAL HOME LOAN PROGRAM ACTIVITY

Supplemental Home Loan Program - Activity Levels by Location

The loan volume for the Supplemental Home Loan Program decreased by 6.7% (number of loans) but increased by 244% (dollar volume of loans) in 2020-2021. This corresponds to the decrease in MOP loans, as SHLP loans are generally in second position behind a MOP loan. The substantial increase in dollar volume is primarily due to three loans, each over \$1M, issued by the Los Angeles campus. 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 2019-2020 and 2020-2021 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 128 MOP loans funded in 2020-2021, four 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 |
|------------|-----------------|--------------------|-------------|-----------|
| Berkeley | 1 | \$1,790,000 | 1 | 0 |
| Davis | 1 | 652,500 | 1 | 0 |
| Irvine | 1 | 549,800 | 1 | 0 |
| Santa Cruz | 1 | 1,125,000 | 1 | 0 |
| Totals | 4 | \$4,117,300 | 4 | 0 |

There were three SHLP loans issued to Senior Management Group employees in 2020-2021. The loans were funded by the Berkeley, Los Angeles and Santa Cruz campuses.

SHLP Loans to Senior Management Group Employees

| LOCATION | NUMBER OF LOANS | \$ AMOUNT OF LOANS | RECRUITMENT | RETENTION |
|-------------|-----------------|--------------------|-------------|-----------|
| Berkeley | 1 | \$ 500,000 | 1 | 0 |
| Los Angeles | 1 | 1,186,550 | 0 | 1 |
| Santa Cruz | 1 | 62,500 | 1 | 0 |
| Totals | 3 | \$1,749,050 | 2 | 1 |

CUMULATIVE PROGRAM DATA

Loan Portfolio Statistics

Mortgage Origination Program

From Program inception in June 1984 through June 30, 2021, a total of 7,703 MOP loans have been funded, with an aggregate dollar amount of \$3.86 billion. The outstanding portfolio as of June 30, 2021 consists of 2,738 loans with a principal balance of \$1.3 billion. Of these loans, 1,168 remain as holdings of STIP and have an aggregate principal balance of \$768.9 million. The remainder of the loan portfolio has been sold to outside investors and consists of 1,570 loans with an aggregate principal balance of \$572.1 million.

Supplemental Home Loan Program

From Program inception in March 1993 through June 30, 2021, a total of 1,411 SHLP loans have been funded using fund sources available at the campus location, with an aggregate dollar amount of \$145.1 million.

From inception of the CF-SHLP program in November 2015, a total of 177 CF-SHLP loans have been funded, with an aggregate dollar amount of \$5.27 million.

The outstanding portfolio as of June 30, 2021 of all SHLP loans consists of 276 loans with a principal balance of \$27.3 million. Of these loans, 258 remain as University investments and have an aggregate principal balance of \$26.0 million. The remainder of the portfolio has been sold to outside investors and consists of 18 loans with an aggregate principal balance of \$1.3 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 2020-2021, the University sold 13 loans with an aggregate principal balance of \$7,442,993.

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 University owned loans. Interest is generally 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 2020-2021, the Reserve increased by \$11.7 million in excess earnings.

MOP experienced no loan losses during the fiscal year. There were six borrowers with active forbearance status during the fiscal year due to financial hardship from the COVID-19 pandemic. As of June 30, 2021, one borrower remained in a forbearance period. Accrued interest on the MOP loans were added to the principal balances to be amortized over the remaining term of the loans. 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 the forbearances.

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 \$4.23 billion through June 2022.

MOP loans funded on or after January 1, 2014 have an interest rate cap of 10.0% above the initial loan interest rate. 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. The minimum Borrower Rate is 3.25%. 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 128 MOP loans funded in fiscal year 2020-2021, 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 128 MOP loans funded in fiscal year 2020-2021, 108 5/1-MOP loans were funded, with a total dollar amount of \$84.6 million. The demand for 5/1 MOP loans likely increased due to the 5/1 MOP rate being equal to the Standard MOP rate for the fiscal year. The minimum 5/1 MOP rate is 3.25%.

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 2020-2021, and cumulatively since program inception.

MOP Loans Requiring Additional Approval

Fiscal Year 2020-2021

| CATEGORY | NUMBER OF LOANS | \$ AMOUNT OF LOANS | AVERAGE LOAN AMOUNT | RECRUITMENT | RETENTION |
|--------------------|-----------------|--------------------|---------------------|-------------|-----------|
| Non-Standard Title | | | | | |
| LBNL | 1 | \$ 625,000 | \$ 625,000 | 0 | 1 |

MOP Loans Requiring Additional Approval

Cumulative Statistics: June 1984 – June 2021

| 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 | 89 | \$ 70,644,880 | \$ 793,763 | 67 | 22 |
| 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 2020-2021

There were no SHLP loans requiring additional approval in fiscal year 2020-2021.

SHLP Loans Requiring Additional Approval

Cumulative Statistics: June 1984 – June 2021

| 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 6/30/2021

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, 2021, 1,952 MOP loans have been funded with an aggregate dollar amount of \$1.36 billion. The outstanding principal balance of Corporation MOP loans is \$758.1million as of June 30, 2021.

During the same time period, 324 SHLP loans have been funded with an aggregate dollar amount of \$29.4 million. The outstanding principal balance of SHLP loans originated by the Corporation is \$19.9 million as of June 30, 2021.

APPENDIX C
UNIVERSITY OF CALIFORNIA HOME LOAN
PROGRAM CORPORATION
CUMULATIVE STATISTICS – THROUGH 6/30/2021

Mortgage Origination Program
Statistics by Location – Corporation Loans

| Location | Number of Loans | Dollar Amount of Loans | Average Loan Amount | Recruitment | Retention |
|----------------|-----------------|------------------------|---------------------|-------------|-----------|
| Berkeley | 226 | \$194,385,500 | \$860,113 | 181 | 45 |
| Davis | 266 | 147,447,880 | 554,315 | 208 | 58 |
| Irvine | 304 | 153,713,000 | 505,635 | 272 | 32 |
| Los Angeles | 223 | 216,843,500 | 972,392 | 136 | 87 |
| Merced | 76 | 22,734,600 | 299,139 | 73 | 3 |
| Riverside | 168 | 81,862,200 | 487,275 | 152 | 16 |
| San Diego | 253 | 173,824,950 | 687,055 | 241 | 12 |
| San Francisco | 136 | 152,554,950 | 1,121,728 | 117 | 19 |
| Santa Barbara | 139 | 110,344,150 | 793,843 | 108 | 31 |
| Santa Cruz | 136 | 82,544,100 | 606,942 | 94 | 42 |
| LBNL | 7 | 7,430,750 | 1,061,536 | 2 | 5 |
| UCOP* | 18 | 15,933,300 | 885,183 | 13 | 5 |
| Totals/Average | 1,952 | \$1,359,618,880 | \$696,526 | 1,597 | 355 |

**Includes ANR and UC Hastings loans*

APPENDIX C
UNIVERSITY OF CALIFORNIA HOME LOAN
PROGRAM CORPORATION
CUMULATIVE STATISTICS – THROUGH 6/30/2021

Supplemental Home Loan Program
Statistics by Location – Corporation Loans

| Location | Number of Loans | Dollar Amount of Loans | Average Loan Amount | Recruitment | Retention |
|----------------|-----------------|------------------------|---------------------|-------------|-----------|
| Berkeley | 35 | \$3,198,600 | \$91,389 | 31 | 4 |
| Davis | 39 | 908,740 | 23,301 | 31 | 8 |
| Irvine | 63 | 1,490,600 | 23,660 | 60 | 3 |
| Los Angeles | 31 | 14,458,450 | 466,402 | 12 | 19 |
| Merced | 8 | 128,750 | 16,094 | 8 | 0 |
| Riverside | 39 | 1,029,125 | 26,388 | 38 | 1 |
| San Diego | 53 | 1,439,000 | 27,151 | 49 | 4 |
| San Francisco | 30 | 5,702,850 | 190,095 | 24 | 6 |
| Santa Barbara | 1 | 51,450 | 51,450 | 1 | 0 |
| Santa Cruz | 24 | 911,550 | 37,981 | 16 | 8 |
| UCOP | 1 | 58,750 | 58,750 | 1 | 0 |
| Totals/Average | 324 | \$29,377,865 | \$90,672 | 271 | 53 |