



Report Of Independent Auditors And
Financial Statements

**The University Of California Home Loan
Program Corporation**
(A Component Unit of the University of California)

As of and for the periods ended June 30, 2015 and 2014

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

CONTENTS

	PAGE
REPORT OF INDEPENDENT AUDITORS	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	3
FINANCIAL STATEMENTS	
Statements of net position.....	6
Statements of revenues, expenses, and changes in net position.....	7
Statements of cash flows.....	8
Notes to financial statements.....	9

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
The University of California Home Loan Program Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of The University of California Home Loan Program Corporation (Corporation), a component unit of The University of California (University), as of and for the years ended June 30, 2015 and 2014, which comprise the statements of net position as of June 30, 2015 and 2014, and the related statements of revenues, expenses and changes in net position, and cash flows for the year ended June 30, 2015 and the period from inception (January 22, 2014) through June 30, 2014, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The University of California Home Loan Program Corporation as of June 30, 2015 and 2014, and the changes in financial position and cash flows thereof for the year ended June 30, 2015 and the period from inception (January 22, 2014) through June 30, 2014 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Emphasis of Matter

As discussed in Notes 1 and 2 to the financial statements, The University of California Home Loan Program Corporation receives significant financial and operational resources from its parent, The University of California, and is significantly dependent upon the continuing provision of these resources for financial and operational purposes. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Moss Adams LLP".

San Francisco, California
October 5, 2015

THE UNIVERSITY OF CALIFORNIA HOME LOAN PROGRAM CORPORATION
(A COMPONENT UNIT OF THE UNIVERSITY OF CALIFORNIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015 (Unaudited)

Introduction

The University of California Home Loan Program Corporation (Corporation), a public benefit corporation, was established on January 22, 2014 to assist the University of California (University) in performing its governmental and educational functions, including but not limited to, undertaking the various activities and functions performed by the University's Office of Loan Programs (OLP). The Corporation is a non-profit corporation formed in California and is governed by the University. The University is administered by The Regents of the University of California ("The Regents"). As part of the University, the assets, liabilities, revenues and expenses and changes in net position of the Corporation are included in the University's financial statements. The Corporation is governed by a five-person Board of directors which consist of five officers of the University or their designees.

The Office of Loan Programs (OLP) plans, develops, and administers the University Employee Housing Assistance Program (Program) components for members of the Academic Senate, members of the Senior Management Group, and other designated classes of employees, as approved by The Regents in June 1984 and amended from time to time. The housing and loan-related operations of OLP are self-supporting, utilizing service fee revenues and Faculty Housing Program Reserve Fund earnings.

The main Program components are the Mortgage Origination Program (MOP) and the Supplemental Home Loan Program (SHLP). MOP provides first deed of trust mortgage loans. SHLP primarily provides secondary financing, using authorized campus fund sources. In limited cases, SHLP provides primary mortgage loan financing.

In January 2013, the Consumer Financial Protection Bureau (CFPB) issued new lending regulations that implement certain provisions of the Dodd-Frank Act. The new CFPB regulations became effective on January 10, 2014.

In January 2014, The Regents approved the transfer of the residential lending activities of OLP to the Corporation, excluding loans previously extended by OLP and current cash reserves. The Corporation was formed to qualify OLP as a Small Creditor with respect to the CFPB Ability-to-Repay rule. Funding began under the Corporation effective February 1, 2014.

The Corporation is staffed entirely by employees of the University assigned to the Corporation pursuant to a services agreement executed between The Regents and the Corporation. As consideration for these services, the Corporation will transfer to the University the administrative fees collected under the Program.

Pursuant to a master note agreement (Master Note), the University provides the Corporation with funding sufficient to enable the Corporation to extend loans pursuant to the terms and policies of the Program. The Corporation transfers the loan payments received to the University on a monthly basis.

Overview of the Financial Statements

The following discussion and analysis presents an overview of the financial performance of the Corporation for the year ended June 30, 2015, with selected comparative information for the period from January 22, 2014 through June 30, 2014. The financial statements, notes and this discussion and analysis were prepared by and are the responsibility of management. Unless otherwise indicated, periods (2015 and 2014) in this discussion refer to the fiscal year ended June 30, 2015 and the period from January 22, 2014 through June 30, 2014.

Using This Report

This report consists of financial statements prepared in accordance with the pronouncements of the Governmental Accounting Standards Board. These statements focus on the financial condition of the Corporation, changes in net position and cash flows, taken as a whole.

One of the most important questions asked about a not-for-profit governmental organization's finances is whether it is better off or worse off as a result of the year's activities. The key to understanding this question is the Corporation's Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows. These statements present financial information in a form similar to that used by private sector companies. The Corporation's net position (the difference between assets and liabilities) is one indicator of the Corporation's financial health. Over time, increases or decreases in net position is one indicator of the improvement or erosion of the Corporation's financial health when considered with other nonfinancial information.

THE UNIVERSITY OF CALIFORNIA HOME LOAN PROGRAM CORPORATION
(A COMPONENT UNIT OF THE UNIVERSITY OF CALIFORNIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015 (Unaudited)

The Statement of Net Position includes all assets and liabilities. The Statement of Revenues, Expenses and Changes in Net Position reports activities as either operating or non-operating, with interest earned from loans issued and loan servicing fees reported as operating revenues and interest expense on advances from the University, administrative fee, and other expenses as operating expenses, respectively, and investment income as non-operating revenues or expenses. These statements are prepared using the accrual basis of accounting.

Another way to assess the financial health of the Corporation is to look at the Statement of Cash Flows. The primary purpose is to provide relevant information about the cash receipts and cash payments of an entity. The Statement of Cash Flows helps users assess an entity's ability to generate future net cash flows, ability to meet obligations as they come due and needs for external financing.

Statements of Net Position

The Corporation's assets, liabilities, and net position at June 30, 2015 and 2014 are summarized as follows:

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 1,571,590	\$ 39,347
Mortgages receivable, net	201,845,510	60,089,616
Total assets	\$ 203,417,100	\$ 60,128,963
LIABILITIES		
Payable to the University	\$ 202,345,510	\$ 60,089,616
NET POSITION		
Unrestricted	\$ 1,071,590	\$ 39,347

The Corporation's assets totaled \$203.4 million at June 30, 2015 compared to \$60.1 million at June 30, 2014. The \$143.3 million increase in assets in 2015 compared to 2014 is primarily due to new mortgage loans issued of \$149.1 million offset by loan repayments of \$6.9 million and an allowance for uncollectible amounts of \$0.5 million. Cash and cash equivalents also increased in 2015 compared to 2014 of \$1.5 million.

The Corporation's liabilities totaled \$202.3 million at June 30, 2015, which is an increase of \$142.2 million from June 30, 2014 primarily due to an increase in the payable to the University representing funds transferred to the Corporation to allow the Corporation to make qualifying loans.

THE UNIVERSITY OF CALIFORNIA HOME LOAN PROGRAM CORPORATION
(A COMPONENT UNIT OF THE UNIVERSITY OF CALIFORNIA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015 (Unaudited)

Statements of Revenues, Expenses, and Changes in Net Position

The statements of revenues, expenses, and changes in net position for the year ended June 30, 2015 and period from inception (January 22, 2014) through June 30, 2014 is summarized as follows:

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Interest earned from loans issued, net	\$ 4,422,345	\$ 338,892
Total operating revenues	<u>4,422,345</u>	<u>338,892</u>
OPERATING EXPENSES		
Interest expense on advances from the University	2,545,388	197,040
Administrative fee	339,620	20,160
Provision for uncollectible amounts	500,000	-
Other expenses	<u>5,094</u>	<u>82,345</u>
Total operating expenses	<u>3,390,102</u>	<u>299,545</u>
Operating income	<u>1,032,243</u>	<u>39,347</u>
Increase in net position	<u>1,032,243</u>	<u>39,347</u>
NET POSITION		
Beginning of period	<u>39,347</u>	<u>-</u>
End of period	<u>\$ 1,071,590</u>	<u>\$ 39,347</u>

The Corporation's operating income totaled \$1.0 million for the year ended June 30, 2015, compared to \$39,347 for the period from inception (January 22, 2014) through June 30, 2014. The increase is due to twelve months of loan activity for the year ended June 30, 2015, compared to approximately four months of activity for the period from inception (January 22, 2014) through June 30, 2014.

Factors Impacting Future Periods

The Corporation faces several factors which directly or indirectly affects its financial position and operations. State and Federal regulations relating to residential lending activities could change. In addition, the lending marketplace is competitive and the Corporation's ability to service and transfer loans may change.

Management is not aware of any factors within management's control that would have a significant impact on future periods.

FINANCIAL STATEMENTS

THE UNIVERSITY OF CALIFORNIA HOME LOAN PROGRAM CORPORATION
(A COMPONENT UNIT OF THE UNIVERSITY OF CALIFORNIA)
STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 1,571,590	\$ 39,347
Mortgages receivable, net	201,845,510	60,089,616
Total assets	<u>\$ 203,417,100</u>	<u>\$ 60,128,963</u>
LIABILITIES		
Payable to the University	<u>\$ 202,345,510</u>	<u>\$ 60,089,616</u>
NET POSITION		
Unrestricted	<u>\$ 1,071,590</u>	<u>\$ 39,347</u>

See accompanying notes.

THE UNIVERSITY OF CALIFORNIA HOME LOAN PROGRAM CORPORATION
(A COMPONENT UNIT OF THE UNIVERSITY OF CALIFORNIA)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year ended June 30, 2015 and period from inception (January 22, 2014) through June 30, 2014

	2015	2014
OPERATING REVENUES		
Interest earned from loans issued, net	\$ 4,422,345	\$ 338,892
Total operating revenues	4,422,345	338,892
OPERATING EXPENSES		
Interest expense on advances from the University	2,545,388	197,040
Administrative fee	339,620	20,160
Provision for uncollectible amounts	500,000	-
Other expenses	5,094	82,345
Total operating expenses	3,390,102	299,545
Operating income	1,032,243	39,347
Increase in net position	1,032,243	39,347
NET POSITION		
Beginning of period	39,347	-
End of period	\$ 1,071,590	\$ 39,347

See accompanying notes.

THE UNIVERSITY OF CALIFORNIA HOME LOAN PROGRAM CORPORATION**(A COMPONENT UNIT OF THE UNIVERSITY OF CALIFORNIA)****STATEMENTS OF CASH FLOWS**

Year ended June 30, 2015 and period from inception (January 22, 2014) through June 30, 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Collection of loans from employees	\$ 6,857,007	\$ 183,583
Loans issued to employees	(149,112,900)	(60,273,200)
Advances received from the University	149,112,900	60,273,200
Advances repayment to the University	(6,857,007)	(183,583)
Interest received from employees	4,082,725	318,732
Interest paid to the University	(2,545,388)	(197,040)
Payments for other expenses	(5,094)	(82,345)
Payments for administrative expenses	(339,620)	(20,160)
Other receipts	339,620	20,160
Net cash provided by operating activities	<u>1,532,243</u>	<u>39,347</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,532,243	39,347
Cash and cash equivalents, beginning of year	39,347	-
Cash and cash equivalents, end of year	<u>\$ 1,571,590</u>	<u>\$ 39,347</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 1,032,243	\$ 39,347
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Allowance for uncollectible amounts	500,000	-
CHANGE IN ASSETS AND LIABILITIES		
Mortgages receivable, net	142,255,894	60,089,616
Payable to the University	<u>(142,255,894)</u>	<u>(60,089,616)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,532,243</u>	<u>\$ 39,347</u>

See accompanying notes.

THE UNIVERSITY OF CALIFORNIA HOME LOAN PROGRAM CORPORATION
(A Component Unit of the University of California)
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2015 and 2014

NOTE 1 - ORGANIZATION

The University of California Home Loan Program Corporation ("Corporation"), a component unit of the University of California ("University"), provides residential lending services to the University. The University is administered by The Regents of the University of California ("The Regents"). As part of the University, the assets, liabilities, revenues and expenses and changes in net position of the Corporation are included in the University's financial statements. The Corporation is a nonprofit public benefit corporation formed on January 22, 2014 to assist the University in performing its governmental and educational functions, including but not limited to, undertaking the various activities and functions performed by the University of California's Office of Loan Programs (OLP). The Corporation was formed to qualify OLP as a Small Creditor with respect to the Consumer Financial Protection Bureau's (CFPB) Ability-to-Repay rule. Funding began under the Corporation effective February 1, 2014.

The Corporation is governed by a five-person Board of Directors ("Board") which consists of five officers of the University.

The Office of Loan Programs (OLP) plans, develops, and administers the University Employee Housing Assistance Program (Program) components for members of the Academic Senate, members of the Senior Management Group, and other designated classes of employees, as approved by The Regents in June 1984 and amended from time to time.

The main Program components are the Mortgage Origination Program (MOP) and the Supplemental Home Loan Program (SHLP). MOP provides first deed of trust mortgage loans. SHLP primarily provides secondary financing, using authorized campus funding sources. In limited cases, SHLP provides primary mortgage loan financing.

Master note agreement - Pursuant to a master note agreement (Master Note) dated February 1, 2014, the University advances the Corporation with funding sufficient to enable the Corporation to extend loans pursuant to the terms and policies of the Program ("Advances"). The interest on the outstanding amount of the Advances are calculated and paid on the same basis as other Advances or loans made from STIP, as adjusted by the University from time to time. The STIP rate as of June 30, 2015 and 2014 was 1.28% and 1.45%, respectively. The principal amount of the Advances is paid with principal payments on the qualifying program loans when such amounts are received by the Corporation. Advances may remain outstanding for as long as the corresponding qualifying program loan is outstanding. The interest rate on qualifying program loans is not the same as the interest rate on the Advances and the sole source of repayment on the advances is the principal and interest payments received relating to qualifying program loans, together with any reserves accumulated by the Corporation. The Corporation reserves any excess interest payments relating to qualified program loans and not needed to repay Advances and will use such reserves to make up any shortfall caused by payment defaults on qualifying program loans or differences between the interest rates on the Advances and the qualifying program loans.

Each qualifying program loan that is intended to qualify for the small creditor exemption shall be held by the Corporation for a period of at least three years following the origination of such qualifying program loan by the Corporation, or for such other period which is determined by the Corporation to be a qualifying period for purposes of meeting the small creditor exemption. The qualifying period for qualifying program loans that are not intended to qualify for the small creditor exemption shall be determined by the Corporation and the University from time to time. Commencing on any date following the qualifying period, the Corporation may, at its option, transfer a qualifying program loan to the University in exchange for an immediate decrease in the outstanding amount of the advances by the outstanding principal amount of the transferred loan. No loans were transferred for the periods ended June 30, 2015 and 2014.

THE UNIVERSITY OF CALIFORNIA HOME LOAN PROGRAM CORPORATION
(A Component Unit of the University of California)
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2015 and 2014

Services agreement – The Corporation is staffed entirely by employees of the University assigned to the Corporation pursuant to a services agreement executed between the University and the Corporation. The University also provides all labor, materials, equipment, facilities, furnishings and software necessary or appropriate to operate the Program. These services include licensing of certain intellectual property of the University to the Corporation, and the provision of certain accounting, back office or administrative services provided by the University. In exchange and full payment for these services, the Corporation pays the University all the administrative fees collected under the Program. Fees collected by the Corporation are included in Interest earned from loans issued, net in the statements of revenues, expenses, and changes in net position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP), including all applicable statements of the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus and the accrual basis of accounting as specified by the GASB requirements for a special purpose entity engaged solely in business-type activities.

Basis of Preparation

Revenue and expenses – Operating revenues of the Corporation include interest earned from loans issued and receipts of administrative loan fees. Interest is recognized as revenue when earned according to the terms of the mortgage loan.

Operating expenses incurred in conducting the programs and services of the Corporation are presented in the statement of revenues, expenses, and changes in net position as operating activities.

Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Although management believes the estimates and assumptions are reasonable, they are based upon information available at the time the estimate or judgment is made and actual amounts could differ from those estimates and disclosures.

Recent accounting pronouncements In February 2015, the GASB issued Statement No. 72, Fair Value Measurement and Application, effective for the Corporation's fiscal year beginning July 1, 2015. This Statement establishes standards for accounting and financial reporting for fair value measurements. The statement requires investments to be measured at fair value and permits the use of net asset value as the fair value when an investment does not have a readily determinable fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Statement No. 72 also requires certain disclosures related to all fair value measurements. The Corporation is evaluating the effect that Statement No. 72 will have on its financial statements.

Cash and cash equivalents – All University operating entities maximize the returns on their cash balances by investing in a Short Term Investment Pool (STIP) managed by the Chief Investment Officer of The Regents. The Regents are responsible for managing the University's STIP and establishing the investment policy, which is carried out by the Chief Investment Officer of The Regents. All of the Corporation's cash is deposited into the STIP and all the Corporation's deposits into the STIP are considered demand deposits. Unrealized gains and losses associated with the fluctuation in the fair value of the investments included in the STIP (and predominately held to maturity) are not recorded by each operating entity but are absorbed by the University, as the manager of the pool. None of these amounts are insured by the Federal Deposit Insurance Corporation. To date, the Corporation has not experienced any losses on these accounts.

Additional information on cash and investments can be obtained from the 2014-2015 annual report of the University.

Mortgages Receivable and Allowance for Uncollectible Amounts – Mortgages receivable consists of amounts owed by University employees to the Corporation and are stated at the principal amounts outstanding, net of any allowance for loan losses.

THE UNIVERSITY OF CALIFORNIA HOME LOAN PROGRAM CORPORATION
(A Component Unit of the University of California)
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2015 and 2014

The allowance for uncollectible amounts is established through a provision charged to operating expenses. The allowance is an amount that management believes will be adequate to absorb losses inherent in existing mortgage receivables, based on the evaluations of the collectability and prior loss experience of mortgage receivables. The evaluations take into consideration such factors as changes in the nature and volume of the portfolio, overall portfolio quality, any specific problem mortgage receivables, and current and anticipated economic conditions that may affect the borrowers' ability to repay the obligation. Mortgage receivables are charged off to the allowance as they are deemed uncollectible.

Payable to the University – Payable to the University consist of outstanding amounts of Advances transferred to the Corporation for the sole purpose of allowing the Corporation to make qualifying program loans made from the University as defined in the Master Note Agreement (Note 2).

Net Position

Net position is required to be classified for accounting and reporting purposes in the following categories:

Restricted – Represents the portion of net position resulting from transactions with purpose restrictions until the resources are used for the specific purpose or for as long as the provider requires the resources to remain intact.

Nonexpendable – Net position subject to externally imposed restrictions that must be retained in perpetuity by the Corporation.

Expendable - Net position whose use by the Corporation are subject to externally imposed restrictions that can be fulfilled by actions of the Corporation pursuant to those restrictions or that expire by the passage of time.

Unrestricted – Classifies the portion of net position that is neither restricted nor reserved. Unrestricted net position may be designated for specific purposes by the Corporation Board.

Income taxes – The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under section 23701d of the Revenue and Taxation Code of California and is generally not subject to federal or state income taxes. However, the Corporation is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purpose for which it is granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the basic financial statements taken as a whole.

NOTE 3 - MORTGAGES RECEIVABLE

Mortgages receivable at June 30, 2015 and 2014 are as follows:

	<u>Mortgage Origination Program</u>	<u>Graduated Payment Mortgage Origination</u>	<u>5/1 Mortgage Origination Program</u>	<u>Supplemental Home Loan Program</u>	<u>Total</u>
<i>At June 30, 2015</i>					
Mortgages receivable	\$ 159,771,310	\$ 2,076,767	\$ 35,458,456	\$ 5,038,977	\$ 202,345,510
Allowance for uncollectible amounts	(495,000)	-	-	(5,000)	(500,000)
Mortgages receivable, net	\$ 159,276,310	\$ 2,076,767	\$ 35,458,456	\$ 5,033,977	\$ 201,845,510
<i>At June 30, 2014</i>					
Mortgages receivable	\$ 46,281,478	\$ 811,938	\$ 9,574,099	\$ 3,422,102	\$ 60,089,616
Allowance for uncollectible amounts	-	-	-	-	-
Mortgages receivable, net	\$ 46,281,477	\$ 811,938	\$ 9,574,099	\$ 3,422,102	\$ 60,089,616

Mortgage Origination Program – MOP makes first deed-of-trust loans to eligible employees. The eligible population for participation in MOP is limited to full-time University appointees who are members of the Academic Senate or who hold equivalent academic titles, Acting Assistant Professors, and members of the Senior Management Group.

THE UNIVERSITY OF CALIFORNIA HOME LOAN PROGRAM CORPORATION
(A Component Unit of the University of California)
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2015 and 2014

MOP loans are structured as adjustable interest rate loans with loan-to-value ratios of up to 90.0% and repayment periods of up to 30 years. Campuses have the option to offer 40-year loans if the Chancellor completes a request that includes acceptance of the risk for making loans with features of a nonqualified mortgage. The standard MOP interest rate is indexed to the most recently available four-quarter average rate-of-return of STIP, plus an administrative fee of one-quarter of one percent. There is a minimum interest rate of 3.0% for standard MOP loans funded by the Corporation. The interest rate was 3.0% for the years ended June 30, 2015 and 2014.

The Corporation funded 191 and 66 MOP loans with an aggregate dollar amount of \$119,065,400 and \$46,379,000 for the years ended June 30, 2015 and 2014, respectively.

Graduated Payment Mortgage Origination Program – The Graduated Payment Mortgage Origination Program (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 pre-determined amount less than the standard MOP rate, with a minimum interest rate of 3.0%. The amount of the borrower's rate reduction (interest rate differential) becomes smaller each year for a set number of years (rate differential period). During the rate differential period, the campus reimburses STIP for any shortfall in earnings that result from the lower borrower rate. The interest rate for new GP-MOP loans was 3.0% for the periods ended June 30, 2015 and 2014. Since the interest rate differential on these loans is currently zero, the campuses were not required to reimburse STIP for any shortfalls during the reporting periods.

The Corporation funded 1 and 1 GP-MOP loans with an aggregate dollar amount of \$1,300,000 and \$816,150 for the years ended June 30, 2015 and 2014, respectively.

5/1 Mortgage Origination Program – The 5/1 Mortgage Origination Program loan is a fully-amortizing mortgage loan that offers an initial fixed interest rate and payment for the first 5 years of the loan, after which the loan converts to a one-year adjustable rate mortgage (standard MOP) for the remaining loan term. The maximum overall loan term is 30 years. The interest rate in effect during the fixed-rate period of the loan is comprised of the following three components: the 5-year Treasury Bond Yield, the J.P. Morgan U.S. Liquid Index (JULI), and a 0.25% service fee. The rate to be used for new loans is updated weekly and once a commitment is made to a borrower, the rate is locked for 30 days. The minimum interest rate is set at 3.5%. The interest rate was 3.5% for the periods ended June 30, 2015 and 2014.

The Corporation funded 49 and 18 5/1 MOP loans with an aggregate dollar amount of \$26,923,850 and \$9,638,450 for the years ended June 30, 2015 and 2014, respectively.

Supplemental Home Loan Program – The Supplemental Home Loan Program primarily provides second deeds of trust for mortgage financing (a limited number of these loans are used to secure a first deed of trust on a property being purchased). SHLP loans are funded from campus resources. State funds cannot be used as a funding source. SHLP loans interest rates ranged from 3.0% to 6.35% and 3.0% to 7.0% during the periods ended June 30, 2015 and 2014, respectively.

The Corporation funded 31 and 13 SHLP loans with an aggregate dollar amount of \$1,823,650 and \$3,439,600 for the periods ended June 30, 2015 and 2014, respectively.

THE UNIVERSITY OF CALIFORNIA HOME LOAN PROGRAM CORPORATION
(A Component Unit of the University of California)
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2015 and 2014

Future receipts under mortgage loan agreements for each of the five fiscal years subsequent to June 30, 2015 and thereafter are as follows:

	<u>Mortgage Origination Program</u>	<u>Graduated Payment Mortgage Origination</u>	<u>5/1 Mortgage Origination Program</u>	<u>Supplemental Home Loan Program</u>	<u>Total</u>
2016	\$ 3,358,275	\$ 43,652	\$ 686,878	\$ 245,177	\$ 4,333,982
2017	3,459,023	44,962	710,918	255,842	4,470,745
2018	3,562,793	46,310	735,800	266,971	4,611,874
2019	3,669,677	47,700	761,553	278,585	4,757,515
2020	3,779,768	49,131	788,208	290,703	4,907,810
2021-2025	20,669,319	268,668	4,374,673	1,654,565	26,967,225
2026-2030	23,961,405	311,459	5,195,739	2,047,134	31,515,737
2031-2035	27,777,836	361,067	6,170,908	-	34,309,811
2036-2040	32,202,125	418,575	7,329,103	-	39,949,803
2041-2045	37,331,089	485,243	8,704,676	-	46,521,008
	<u>\$ 159,771,310</u>	<u>\$ 2,076,767</u>	<u>\$ 35,458,456</u>	<u>\$ 5,038,977</u>	<u>\$ 202,345,510</u>

NOTE 4 - RELATED PARTY TRANSACTIONS

An officer of the Corporation had an outstanding loan balance of \$1,311,047 and \$1,328,564 as of June 30, 2015 and 2014 respectively.