

# PROGRAM OVERVIEW

The 5/1 Mortgage Origination Program (5/1 MOP) 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 1-year adjustable rate mortgage ("Standard MOP") for the remaining loan term. The maximum overall loan term is 30 years. All or any portion of the principal balance may be prepaid without penalty at any time and there is no negative amortization associated with 5/1 MOP loans.



## GENERAL GUIDELINES

Maximum Loan-to-Value Ratio:	Same as Standard MOP LTV Thresholds
Fixed Rate Period:	5 Years
Maximum Loan Term:	30 Years
Qualifying Interest Rate:	5/1 MOP Initial Interest Rate
Minimum Interest Rate:	3.50%
Maximum Payment-to-Income Ratio:	40%
Maximum Overall Debt-to-Income Ratio:	48%

### 5/1 MOP Initial Interest Rate

The initial fixed interest rate\* in effect during the Fixed Rate Period of the loan is comprised of the following three (3) components:

Index:	5-year Treasury Bond Yield
Spread:	J.P. Morgan U.S. Liquid Index (JULI) Index
Service Fee:	.25%

*\*The minimum 5/1 MOP Initial Interest Rate is 3.50%*

### QUESTIONS?

Contact the local Campus Housing Programs Representative or The University of California Home Loan Program Corporation for more detailed information.

## IMPORTANT CONSIDERATIONS:

- The 5/1 MOP Initial Interest Rate may be higher or lower than the current Standard Rate offered for a Standard MOP loan. The current interest rate for each of these loan products is available at [www.ucop.edu/loan-programs](http://www.ucop.edu/loan-programs).
- Fixed rate payments during the first 5 years of the loan provide a stable monthly payment to borrowers; however, there is potential for increased monthly payments when the Fixed Rate Period ends. You should feel comfortable with your ability to afford a higher payment should this occur.
- If additional principal payments are made during the Fixed Rate Period, your principal balance will decrease but your monthly payment will not change until your loan converts to a Standard MOP on the Change Date.
- Your 5/1 MOP Initial Interest Rate is locked in at time of Loan Commitment (final loan approval) with a rate lock period of 30 days and your interest rate cannot be changed during the rate lock period. If your loan does not close before the 30-day rate lock expires, OLP will review your loan to determine if you qualify at the new interest rate in effect at the time. Should you decide to switch loan products after a loan commitment is issued or final loan documents are prepared, it may result in a delayed closing.

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.