

**UNIVERSITY OF CALIFORNIA HOME LOAN PROGRAM CORPORATION
ZERO INTEREST SUPPLEMENTAL HOME LOAN PROGRAM (ZIP LOAN)**

ZIP LOAN ADVISORY NOTICE

This Advisory Notice describes the features of a Zero Interest Supplemental Home Loan Program (ZIP Loan), which is a loan product option available through the University of California's Home Loan Program (Program).

The ZIP Loan provides a subordinate-lien mortgage loan with no monthly payments and zero percent interest with a forgiveness feature to assist with the purchase of a primary residence. **Upon the Due Date, any outstanding principal balance would be fully due and payable and is considered a "balloon payment".**

Loan Overview

The Zero Interest SHLP (ZIP Loan) provides a loan with the following parameters:

- **Interest Rate:** Zero percent interest
- **Payment:** No monthly payment
- **Loan Term:** The loan term will be approximately 11 years depending on the funding date.
- **Due Date:** End of the loan term.
- **Repayment: Upon the Due Date – the outstanding principal balance (original principal balance, less any forgiven amounts) is fully due and payable and is considered a "balloon payment".**

Forgivable Feature:

Ten (10) percent of the original principal balance of the ZIP loan may be forgiven each year, with the annual written endorsement of the Department Chair or equivalent designee, provided that the participant:

- continues to be employed by the nominating University campus as an eligible participant, as defined in the Program guidelines;
- is in good standing; and
- is not in default on any term or condition of a Program loan.

Eligibility & Participation:

- **ZIP Loan Participant:** The eligible Program participant must be designated by the campus.
- **Eligibility:** The ZIP Loan Participant must meet the eligibility criteria as defined in the Program guidelines and continue to be employed by the nominating University campus.
- **Loan Acceleration:** All Program loans are condition of employment loans. The ZIP Loan can be declared due and payable before the Due Date for a number of reasons, including, for example, if the designated ZIP Loan Participant (the "Primary Borrower") is no longer employed by the University or becomes ineligible under the Program guidelines or if the Property securing the Loan is sold or transferred.

Important Considerations

- Loan forgiveness is contingent upon meeting the forgiveness criteria with written endorsement of the Department Chair (or equivalent designee) provided annually to the Office of Loan Programs.
- The ZIP Loan can only be carried by the Primary Borrower and is not assumable by another borrower.
- Upon the Due Date, any outstanding principal balance (original principal balance, less any forgiven amounts) is absolutely due and payable and is not contingent upon the sale price or fair market value of the house, or any other factor.
- Since the annual forgiveness process begins in July, loans that fund from July to December will be reviewed for forgiveness during the forgiveness processing period the year after funding. As such, loan terms will vary approximately between 10-11 years depending on the funding date. For example, the first forgiveness period for a loan that funded in July 2022 would start in July 2023.

