



Supplemental Home Loan Program

Responsible Officer:	AVP – Systemwide Controller
Responsible Office:	FA – Financial Accounting
Issuance Date:	3/31/1994
Effective Date:	7/11/2017
Last Review Date:	4/19/2017
Scope:	This Policy applies to campuses, the Lawrence Berkeley National Laboratory (LBNL) and UC Hastings College of the Law (Hastings)

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I. POLICY SUMMARY

This policy outlines the accounting requirements for Supplemental Home Loan Program (SHLP) loans.

II. DEFINITIONS

Not applicable.

III. POLICY TEXT

The SHLP provides financing options to assist eligible faculty members and Senior Management Group employees with the acquisition of a primary residence. SHLP policies, as approved by the Regents, are located in Regents policy 5306.

All University of California mortgage loans (except those made pursuant to the Mortgage Origination Program), regardless of fund source, are governed by the SHLP guidelines. Most SHLP loans are made using campus resources. Each campus, LBNL or Hastings, has the ability to designate discretionary, endowment, current, foundation, or departmental funds to issue SHLP loans. In November 2015, the Regents approved a centrally-funded pool and provided an allocation to each campus. The accounting for loans from the centrally-funded pool is completed by the Office of Loan Programs (OLP) and is not governed by this policy.

IV. COMPLIANCE / RESPONSIBILITIES

Accounting Offices are responsible for ensuring that the procedures set forth in this policy are applied when accounting for SHLP loans.

Note: Only campuses, LBNL and Hastings perform these accounting functions. The accounting for loans for medical centers is completed by the campuses and accounting for the University of California Agriculture and Natural Resources (UC ANR) is completed by the affiliated campus.

V. PROCEDURES

A. General Procedures

SHLP loans are recorded in the campus, Hastings or LBNL general ledger. Generally, the accounting office must follow the procedures below to account for such loans:

- 1) Identify the source of funds to be used for the loan.
- 2) Move the funds to the Loan Funds group.
- 3) Establish funds within the Loan Funds group.
- 4) Establish interfund receivables and payables.
- 5) Establish a receivables account within the Loan Funds group.
- 6) Reconcile loan balances to the general ledger.

B. Loan Servicing

All SHLP loans are serviced by the OLP within the CFO Division at the Office of the President. For borrowers who are paid through the University payroll system, OLP reconciles the monthly payroll deduction reports to a forecast of expected monthly payments. The loan payments are entered into the Loan Servicing system and a

report is generated which details the distribution to principal, interest and service fees. This report is sent to the respective campus to be used as the basis for preparing the appropriate journal entries (except for centrally-funded (CF) SHLP loans and loans sold to investors).

Borrowers who are not paid through the University payroll system must remit their payments to OLP's lockbox, or as an option may set up payments via the Automated Clearing House (ACH).

Additional loan servicing functions completed by OLP are detailed in the OLP Servicing Manual.

The interest rate charged to participants includes a service fee component. The service fee is recorded by the campus, LBNL and Hastings via a monthly journal entry for all loans that have not been sold to investors or loans that are not part of the CF-SHLP pool.

For loans that have been sold to investors, OLP collects the full payment amount from the campus and remits the payment to the investor, net of the service fee. For CF-SHLP loans, OLP collects the full payment amount from the campus and distributes it to the appropriate Office of the President accounts.

C. Procedures in the case of a default – gain or loss on sale of foreclosed property

In the case of a default, the University may take title to the property secured by the loan. If this occurs, the property becomes an investment of the University. Refer to the OLP Servicing Manual, Chapter 2, Section 2.02, concerning default procedures.

VI. RELATED INFORMATION

[Regents Policy 5306: Policy on University of California Supplemental Home Loan Program](#)

Office of Loan Programs, Loan Servicing Manual

[Regents Policy 5305: Policy on University of California Mortgage Origination Program](#)

VII. FREQUENTLY ASKED QUESTIONS

Not applicable.

VIII. REVISION HISTORY

July 11, 2017: This Policy was updated by Ruth Satorre and Ruth Assily to conform to the new template and references to outdated loans were removed.

July 6, 2017: This Policy was reformatted for accessibility according to Web Content Accessibility Guidelines (WCAG) 2.0.

University of California – Policy F-117-73
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March 31, 1994: This chapter was revised by Ken Strangfeld, with the assistance of Ruth Assily.

November 1, 1982: The Accounting Manual chapter was first published as the Faculty Short-Term Housing Loan Program