UNIVERSITY OF CALIFORNIA Home Loan Program Corporation

7/1 ARM LOAN CHARACTERISTICS

7/1 Adjustable-Rate Mortgage (7/1 ARM) - Key Terms

Starting January 6, 2027, the 7/1 ARM will be the only standard product for new MOP loans. The 1/1 and 5/1 MOP loan products will be discontinued.

This material is provided for educational purposes to explain the new Mortgage Origination Program product and its features, including how the interest rate is determined and the applicable rate limits. It is not an offer or commitment to lend. Eligibility, rates, terms, and loan approval are governed by current program requirements and the executed loan documents.

Loan Characteristic	7/1 ARM Description
Initial Fixed-Rate Period	Years 1 – 7
Initial Interest Rate[1]	7-Year U.S. Treasury Yield (UST) + 1.00% margin[2] Daily Treasury Rates | U.S. Dept. of Treasury
Adjustable-Rate Period Starts	Year 8
Adjustment Frequency	Annually, Beginning Year 8
Adjustable Interest Rate	30-Day Average Secured Overnight Financing Rate (SOFR) + 2.50% margin[2] SOFR Averages and Index Data – Federal Reserve Bank of New York
First Adjustment Limit	2 percentage points increase or decrease, subject to the Minimum Rate (Floor Rate)[3]
Subsequent Annual Adjustment Limit	1 percentage point annual increase or decrease after the first rate adjustment, subject to the Minimum Rate (Floor Rate)
Maximum Lifetime Increase	5 percentage points above the initial fixed interest rate
Prepayment Penalty	None
Additional Principal Payments[4]	Permitted
Loan Reamortization[5]	Beginning in Year 8 and annually thereafter

[1] The initial interest rate is generally established around the 20th day of the month for loans expected to receive a final loan approval and rate lock during the following month.

[2] The margin will be reviewed annually for new loans as part of the program's ongoing administration.

[3] The 7/1 ARM, like the legacy 1/1 ARM and 5/1 ARM MOP loans, has a floor rate that applies throughout the life of the loan.

[4] Borrowers may make additional principal payments (curtailments) at any time. Additional payments made during the initial fixed rate period will reduce the principal balance but will not change the required monthly payment until the first interest rate adjustment, when the payment is recalculated.

[5] Reamortization is the process of recalculating your monthly payment after the initial fixed-rate period and annually thereafter based on the applicable interest rate, remaining loan balance, and remaining loan term.