California Housing Finance Agency

UC Shared Appreciation Loan Program Handbook

Last Revised: June 2026

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Summary

The UC Shared Appreciation Loan (UC Shared Appreciation Loan) may only be used with a UC Conventional first mortgage, providing up to 20% of the purchase price to be used for down payment and/or closing costs.

CalHFA allows qualified homebuyers to layer other non-CalHFA down payment assistance loans or grants to maximize affordability. The MyHome Assistance Program may not be combined with a UC Conventional first mortgage using the UC Shared Appreciation Loan. The UC Shared Appreciation Loan must be in second lien position when layering with other programs.

Participating California Universities

University of California Santa Cruz (UCSC)

Participating Lenders

This program is only available through a UC Shared Appreciation CalHFA-approved lender.

Eligible Employees

Eligible UCSC employees will receive a voucher from UCSC to participate in the program

Eligibility

Borrower Requirements

Each borrower must:

- Meet university employment eligibility requirements
- Be either a citizen or other national of the United States, or a “Qualified Alien” as defined at 8 U.S.C. § 1641
- Meet credit, income and loan requirements of CalHFA’s first mortgage loan program, the CalHFA-approved lender, CalHFA’s Master Servicer, Lakeview Loan Servicing and the mortgage insurer, as applicable.
- UCSC: All borrowers must not have owned a primary residence within the prior 12 months in Santa Cruz, San Mateo, Santa Clara, San Benito or Monterey counties

Exception to First-time Homebuyer Requirement: CalHFA Conventional and CalReady Conventional first mortgage without any CalHFA subordinate financing.

Homebuyer Education

Homebuyer Education is required. Please refer to the CalHFA Conventional Loans Program Handbook for full details.

Additionally, Borrowers are required to complete CalHFA UC Shared Appreciation education.

Owner Occupancy

- All borrowers must occupy the property as their primary residence within sixty (60) days of closing
- Non-occupant co-borrowers are not allowed
- Non-occupant co-signers are not allowed

Property Requirements

Property must meet the requirements of the applicable CalHFA first mortgage. Please refer to the CalHFA Conventional Loans Program Handbook for full details

UCSC: Property must be located within one of the following Counties:

1. Santa Cruz
2. San Mateo
3. Santa Clara
4. San Benito
5. Monterey

Underwriting & Compliance

Term

The term of the UC Shared Appreciation Loan matches the term of the CalHFA first mortgage not to exceed thirty (30) years. Payments on the UC Shared Appreciation Loan are deferred for the life of the first loan.

Repayment of the principal and any share of the appreciation on the UC Shared Appreciation Loan shall be due and payable at the earliest of the following events:

- Transfer of title
- Sale of the property
- Payoff of the first loan
- Payoff of the subordinate loan principal balance
- Refinance of the first loan – see Refinance and Re-subordination section
- The formal filing and recording of a Notice of Default (unless rescinded)
- This loan is not assumable.
- Within twelve (12) months of notice of separation or retirement from the University, as defined and as instructed by the University in its sole discretion.

Shared Appreciation Loan Terms

At the time of sale, refinance, payoff, employment separation, or transfer of first mortgage, the homeowner must pay back the original loan amount plus any shared appreciation percentage identified below

Program appreciation share

- The UC Shared Appreciation Loan provides up to 20% down payment and shares in up to 20% of the home price appreciation.
  - (1:1) program appreciation share: Program appreciation share is equal to the UC Shared Appreciation Loan amount (i.e., the original principal amount) as a percentage of the home value.
- The amount of shared appreciation is capped at 2.5 times the original principal amount. See Example 1.

Example 1:

$100,000	A) Original Shared Appreciation Loan
x 2.5	
$250,000	B) Original loan amount times 2.5
$350,000	Loan plus modifier (A + B): This is the maximum amount due at time of payoff – maximum appreciation plus original loan amount.

Formula for determining shared appreciation

- Current value of the home as determined by CalHFA.
- Minus the lesser of the original sales price or original appraised value of the property equals net appreciation.
- Multiplied by the shared appreciation percentage equals shared appreciation amount owed. See Example 2.

Example 2: 20% UC Shared Appreciation Loan

$500,000	(A) Original sales price or original appraisal, whichever is less
x 0.20	20% of the sales price
$100,000	(B) Shared Appreciation Loan

At time of sale, refinance or other transfer new value is $700,000

$700,000	(C) New Value
$200,000	Appreciation (C - A)
x 0.20	20% of the Appreciation
= $40,000	(D)

Borrower owes:

$100,000	Original UC Shared Appreciation loan (B)
+ $40,000	Program Share of Appreciation (D)
= $140,000	Total (B + D)

Maximum Loan Amount

First Mortgage	Maximum Shared Appreciation Loan Amount
UC Conventional Loan	Up to $220,000 or 20% of the sales price or appraised value, whichever is less

LTV and CLTV

Loan-to-Value (LTV) to follow the applicable mortgage insurer/guarantor investor guidelines, CalHFA's Master Servicer, Lakeview Loan Servicing, and the applicable CalHFA first mortgage underwriting guidelines.

The Combined Loan-to-Value (CLTV) cannot exceed 105.00%.

Income Limits

Income cannot exceed CalHFA Income Limits.

Income Requirements

Lenders are required to calculate income to qualify borrower(s) for loan approval using investor guidelines. CalHFA will use the lender's credit qualifying income to determine if the loan exceeds the maximum program income limit. Income not used by the lender for credit qualifying will not be used by CalHFA.

Use Fannie Mae's HomeReady® Lookup tool to determine if the borrower's income is less than or equal to the HomeReady 80% Area Median Income (AMI). Lower Income (LI) borrowers are eligible for UC Shared Appreciation Conventional LI interest rate and reduced mortgage insurance.

Underwriting

- Underwriting must meet the requirements of the CalHFA first mortgage. Please refer to CalHFA first mortgage program handbook for full details.
- UC Shared Appreciation Loan may be used for down payment and/or closing cost. UC Shared Appreciation Loan funds may not be used to pay off borrower debt. Borrower(s) may not receive any cash back from the UC Shared Appreciation Loan.
- The MyHome Assistance Program may not be combined with the UC Shared Appreciation Loan.

Minimum Credit Score & Qualifying Ratios

- Follow UC Conventional first mortgage guidelines for minimum credit score requirements.
- Follow UC Conventional first mortgage guidelines for maximum total Debt- to-Income ratio requirements.

Fees

Lender may charge a maximum total processing fee of $500. All other normal customary third-party fees are allowed.

Loan Documents

The following subordinate loan documents must be submitted for purchase by CalHFA:

- UC Shared Appreciation Loan Program Disclosure
- UC Shared Appreciation Loan Program Note
- UC Shared Appreciation Loan Program Condition of Employment Rider
- Subordinate Deed of Trust

Refinancing and Re-subordination

During the life of the UC Shared Appreciation loan, CalHFA will allow a one-time resubordination if the first mortgage is refinanced into a limited cash-out refinance (as defined in the Fannie Mae Selling Guide). The borrower must meet the guidelines of Shared Appreciation Resubordination policy. The borrower must also be a current UC Santa Cruz employee.

Questions

Questions regarding the UC Shared Appreciation Loan should be directed to CalHFA Approved Lenders or CalHFA's Single Family Lending Division at:

CalHFA Single Family Lending
500 Capitol Mall, Suite 1400
Sacramento, CA 95814

Phone: (916) 326-8033

Email: lendertraining@calhfa.ca.gov