



Clinician Educator Greater Bay Area Zero Interest Loan

Summary Description

The Clinician Educator Greater Bay Area Zero Interest Loan (CE-ZIG) is a secured nonamortizing mortgage loan with no interest. A CE-ZIG loan is not part of the required cash down payment. CE-ZIG is available for purchase only, not to refinance existing mortgage loans.

Additions and changes made to Stanford's housing purchase programs are made in response to current market conditions. All programs will be reviewed each year.

Information regarding all of Stanford's housing programs is available at fsh.stanford.edu, or by email to fshousing@stanford.edu, or by calling 650-725-6893.

ELIGIBILITY

CE-ZIG has limited eligibility for some Clinician Educators as defined in Exhibit A to this brochure. Eligible Clinician Educators may apply for a CE-ZIG loan if all of the following criteria are met.

Clinician Educators who:

1. Are Clinician Educators appointed as: a Clinical Assistant Professor, a Clinical Associate Professor, or a Clinical Professor; and
2. Are appointed for a term of three years or more with the possibility of reappointment; and
3. Are buyers who are employed at seventy-five percent (75%) time or greater; and
4. Are considered benefits eligible Stanford University employees; and

NOTHING IN THIS DOCUMENT SHOULD BE CONSTRUED AS AN OFFER OR COMMITMENT OF ANY KIND. INTERPRETATION OF PROGRAM GUIDELINES REMAINS THE SOLE RESPONSIBILITY OF STANFORD UNIVERSITY. PROGRAMS AND ELIGIBILITY REQUIREMENTS ARE SUBJECT TO CHANGE OR DISCONTINUATION WITHOUT NOTICE AT STANFORD UNIVERSITY'S SOLE DISCRETION.

5. Are buyers of a Qualifying Residence located within the Greater Bay Area counties outside of the Qualifying Area described in Exhibit B to this brochure (the "Greater Bay Area"); and
6. Are appointed to a primary job assignment location at a Stanford Medicine location outside of the Qualifying Area; and
7. Are buyers who purchase a home in the same County as the primary job assignment location or within thirty-five (35) miles of the primary job assignment location.

It is the responsibility of the Eligible Clinician Educator to notify FSH if his/her eligibility changes, even temporarily. This notice is to be provided to FSH in writing before the Eligible Clinician Educator's change in employment status occurs. Any financial assistance received after the eligibility has changed must be repaid.

Note: Clinical Instructors, Affiliated Clinician Educators, Adjunct Clinician Educators, Clinician Educators who have courtesy appointments, and Clinician Educators who have temporary appointments while awaiting an appointment as a professor in the MCL line, and Clinician Educator Retirees are not eligible for this program.

QUALIFYING RESIDENCE

A CE-ZIG loan may be used to purchase a single family home, condominium, town home, or any other for sale dwelling unit suitable for housing one family (the Qualifying Residence). Vacation homes, investment properties, commercial properties, properties zoned as commercial, multiple family dwellings (for example, duplexes and properties zoned for multiple units), Tenant in Common (TIC), and life care facilities are not Qualifying Residences. Personal property purchases such as mobile homes or houseboats are not Qualifying Residences.

The Eligible Clinician Educator must occupy the Qualifying Residence as his/her principal residence. The home purchase financed by the CE-ZIG loan (the Property) must be located within the Greater Bay Area.

TITLE/OCCUPANCY

Beneficial ownership and title to the home may only be in the name of the Eligible Clinician Educator and his/her spouse or partner. No other persons can hold title to the home. The home must remain owner occupied by the Eligible Clinician Educator. Proof of such ownership and/or occupancy must be provided to the University upon request. If two Eligible Clinician Educators share ownership of one residence, only one CE-ZIG loan is allowed.

LOAN AMOUNT

The University will make a CE-ZIG loan for a purchase based on the lesser of the purchase price of the Property or its fair market value (FMV), subject to a maximum loan amount of \$100,000. Stanford requires an appraisal of the Property by a licensed appraiser to establish its FMV. If the appraised value is less than the purchase price, the borrower must make up the difference by adding to the required down payment.

Several conditions can lower the amount an Eligible Clinician Educator can borrow:

1. If the total amount of the CE-ZIG loan and the required down payment when deducted from the purchase price equals less than \$100,000; or
2. If a conventional loan is required, the amount of the conventional loan must equal at least \$50,000; or
3. If the FMV is less than the purchase price.

LOAN TERM

The loan term for a CE-ZIG loan is thirty years.

The CE-ZIG loan is due on the earliest of the following dates: (i) thirty years after the loan date, (ii) when the Property is sold, (iii) when the Property ceases to be the Principal Residence of the Eligible Clinician Educator, (iv) when the borrower ceases to be an Eligible Clinician Educator as defined by the University, including, but not limited to retirement, voluntary or involuntary termination or death, (v) upon demand of the University or (vi) upon occurrence of other circumstances set forth in the Promissory Note (Note). The date on which the CE-ZIG loan is due is called the Due Date.

The surviving spouse or domestic partner of the Eligible Person may not retain a CE-ZIG loan.

INTEREST PAYMENTS

CE-ZIG loans have no monthly payments.

CONDITIONS OF THE LOAN

CE-ZIG is governed by the following conditions:

1. Minimum Down Payment

The required down payment is 10% of the purchase price.

2. Loan Approval

We recommend that borrowers obtain preapproval for Stanford loan programs. Preapproval will expedite final loan approval once the purchase offer has been accepted. The University's loan approval process is similar to that of a residential mortgage lender. The preapproval process takes fifteen working days.

Faculty Staff Housing needs an up-to-date loan application, including the conventional loan amount and terms, if applicable, immediately after a purchase offer has been accepted. It is also important to provide a copy of the fully executed purchase contract and a copy of the Preliminary Title Report. Other required documents may include an appraisal and disclosures. Loan approval, including satisfying Stanford's underwriting guidelines, is necessary before any Stanford loan can be funded. Documents can be sent via email to: secure-fshdocuments@lists.stanford.edu.

3. Loan Origination Fees

A loan origination fee equal to one percent (1%) of the principal amount of the CE-ZIG loan is collected at the close of escrow. Such fees are often referred to as points.

4. Secured Instrument

The CE-ZIG loan is secured by a Deed of Trust. A Deed of Trust is the document that records a lien against the Property for the principal amount of the loan.

5. Other Financing

If the financing of your purchase includes a mortgage loan from a residential mortgage lender to be secured to the property you purchase, the following applies:

Mortgages used together with University Programs:

- i. cannot be interest only;
 - ii. cannot negatively amortize;
 - iii. cannot have a term of more than thirty years;
 - iv. cannot have a "balloon" feature;
 - v. cannot have a prepayment penalty; and
 - vi. if the loan is an adjustable rate mortgage (ARM), the transaction will be underwritten by Stanford using the monthly payment required on the thirteenth month.
6. Casualty and Earthquake Insurance

Evidence of earthquake and casualty insurance with Stanford named as mortgagee must be provided to the title company before the close of escrow. Casualty insurance needs to be in the amount of the full replacement cost of the buildings and improvements on the Property without deduction for depreciation. Earthquake insurance needs to be in the amount equal to the value of the buildings and improvements on the Property with a deductible not more than 15%. FSH will notify the borrower(s) of the amount of earthquake insurance that is required when the property appraisal is completed. Your insurance carrier will send the certificates of insurance to the title company. If borrowers use a lender in addition to Stanford, they need to verify if the insurance premium will be collected at the close of escrow.

Effective July 1, 2000, lenders on new loans secured by real property must disclose that Civil Code §2955.5 prohibits lenders from requiring borrowers to provide hazard insurance (fire insurance) for more than the replacement cost of the improvements on the property.

FUNDS NEEDED AT CLOSE OF ESCROW

In addition to points on the mortgages, borrower's should expect to pay additional costs at or before the close of escrow. There will be fees for loan processing, the credit report, appraisal, title insurance, prepaid hazard insurance, and some portion of the escrow fees. The title company will provide the total amount of these costs and when they are due.

REPAYMENT OF PRINCIPAL

Upon the Due Date, the outstanding principal balance is absolutely due and payable and is not contingent upon the sale price or fair market value of the house, or any other factor.

SUBSEQUENT PURCHASE

Qualified borrowers may use a CE-ZIG loan for a subsequent purchase subject to the terms and limits of the CE-ZIG program at the time of the second purchase. Other restrictions may apply. The new loan is subject to a loan origination fee and other closing costs. Only one CE-ZIG loan can be outstanding at a time.

TAX ASPECTS OF THE CE-ZIG LOAN

CE-ZIG loans can be in one of two forms, a CE-ZIG Loan or a CE-ZIG Employee Relocation Loan. For borrowers holding a CE-ZIG loan with an interest rate of zero, the University is deemed, for income tax purposes, to have paid the borrower additional compensation which is then returned to the University as mortgage interest. For borrowers who itemize deductions, these two items may offset each other for income, but not FICA (Social Security) tax purposes. Compensation/interest will be imputed on the outstanding loan principal at the Applicable Federal Rate (which is based on U.S. Treasury Bill rates). This deemed compensation/interest will be reported as taxable income each year on Form W-2 and is subject to FICA tax withholding. The amount will also be reported to you on an IRS Form 1098 statement of mortgage interest paid by you. Some borrowers will qualify for a CE-ZIG Employee Relocation Loan if they have recently moved to the Stanford area and can make certain representations. Such loans are described in Section 1.7872-5T of the regulations that interpret the Internal Revenue Code. CE-ZIG Employee Relocation Loans have no imputed income or interest.

The tax treatment of CE-ZIG loans is subject to change.

Housing Programs are established on an annual basis, subject to discontinuation or modification at any time. Persons who have a CE-ZIG at the time of such discontinuation or modification may keep the CE-ZIG for the remainder of the term, subject to their continuing eligibility.

NOTHING IN THIS DESCRIPTION OF THE CLINICIAN EDUCATOR GREATER BAY AREA ZERO INTEREST LOAN SHOULD BE CONSTRUED AS AN OFFER OR COMMITMENT OF ANY KIND TO MAKE A PARTICULAR LOAN OR AS SUBSTITUTING FOR OR SUPERSEDING THE FORMAL PROGRAM DOCUMENTS. CE-ZIG IS SUBJECT TO CHANGE OR DISCONTINUATION WITHOUT NOTICE AT STANFORD UNIVERSITY'S SOLE DISCRETION.

EXHIBIT A

Clinician Educator Greater Bay Area Housing Purchase Programs Eligibility Criteria

CLINICIAN EDUCATOR GREATER BAY AREA HOUSING PROGRAMS OVERVIEW

Stanford University's Clinician Educator Greater Bay Area housing programs (CE Greater Bay Area Programs) are made available to Clinician Educators in a specific and limited number of professional employment categories. For each CE Greater Bay Area Program there are specific eligibility criteria. Someone who is an Eligible Clinician Educator may be qualified to participate in all of the CE Greater Bay Area Programs, or none of the CE Greater Bay Area programs.

The CE Greater Bay Area Programs are available only to those Eligible Clinician Educators who have a primary job assignment at a Stanford Medicine location outside of the Qualifying Area, as defined by the University, who wish to purchase a home near their primary job assignment location. The programs are limited to those Stanford Medicine locations outside of the Qualifying Area in the following counties: Santa Clara, Santa Cruz, Alameda, Contra Costa, Solano, Napa, Sonoma, and Marin (the "Greater Bay Area").

PURCHASE PROGRAMS

The CE Greater Bay Area Programs include: a mortgage loan and a monthly housing cash supplement. The loan is available for purchase only, not to refinance existing mortgage loans. Detailed descriptions, including the eligibility criteria, are available for each Program.

Eligible Clinician Educators

The following categories of Clinician Educators who are employed seventy-five percent (75%) time or more and who are appointed for a term of three years or more with the possibility of reappointment and who are considered benefits eligible Stanford University employees are qualified as Eligible Persons:

1. Clinical Assistant Professor
2. Clinical Associate Professor
3. Clinical Professor

Note: Clinical Instructors, Affiliated Clinician Educators, Adjunct Clinician Educators, Clinician Educators who have courtesy appointments, and Clinician Educators who have temporary appointments while awaiting an appointment as a professor in the MCL line, and Clinician Educator Retirees are not Eligible Clinician Educators.

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Clinician Educator Greater Bay Area Housing Purchase Programs Eligibility

Eligibility for the CE Greater Bay Area Housing Purchase Programs is limited to those Eligible Clinician Educators who:

1. Are buyers of a Qualifying Residence located within the Greater Bay Area counties outside of the Qualifying Area (the "Greater Bay Area"); and
2. Are appointed to a primary job assignment location at a Stanford Medicine location outside of the Qualifying Area; and
3. Are buyers who purchase a home in the same County as the primary job assignment location or within thirty-five (35) miles of the primary job assignment location.

It is the responsibility of the Eligible Clinician Educator to notify FSH if his/her eligibility changes, even temporarily. This notice is to be provided to FSH in writing before the Eligible Clinician Educator's change in employment status occurs. Examples of changes in status that could affect program eligibility can be changes to employment percentage, position or classification. Any financial assistance received after the eligibility has changed must be repaid.

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EXHIBIT B

GREATER BAY AREA



Note: San Francisco, San Mateo, and parts of Santa Clara County and Alameda County are excluded from the Greater Bay Area.