



Mortgage Protection Program

C.A.R. HOUSING AFFORDABILITY FUND MORTGAGE PROTECTION PROGRAM

The Mortgage Protection Program offered by the California Association of REALTORS® Housing Affordability Fund provides a combination of involuntary unemployment, accidental disability and accidental death insurance protection for qualified first-time home buyers.

Before involuntary unemployment insurance can be utilized, there is an initial “vesting period” of six (6) months and a four (4) month "actively at work" requirement. These periods can run concurrently, so you must be enrolled for at least six (6) months and also be working for at least 4 consecutive months immediately prior to the date your involuntary unemployment begins before you can have an unemployment event qualify for a claim. Additionally, there is a one (1) month “waiting period” before benefits would be paid.

The vesting period is the amount of time you would have to wait before becoming eligible for any benefit and the waiting period is the amount of time after you become unemployed before payments can start.

If you become unemployed anytime before the initial vesting period is over, you will not be eligible to file a claim, and you will have to return to work for at least 4 consecutive months before eligibility begins. The unemployment claims procedure requires documentation of registration with California’s unemployment office which will verify the date of your unemployment.

EXAMPLE: Buyer purchases a primary residence in California using a California REALTOR® and escrow is opened on May 1, 2009 and closes on June 15, 2009. Buyer applies for and obtains the HAF MPP insurance policy on July 1, 2009 which covers the buyer until June 30, 1010.

Scenario 1:

- Q. Buyer is employed during all of 2009 but is laid off on February 1, 2010. Can the buyer make a claim for the unemployment benefits? When do the payments begin?
- A. Yes, the buyer can make a claim for the unemployment benefits because the buyer met the 6 month vesting period and worked the required consecutive 4 month period. The 6 month vesting period and the 4 month actively at work period can be concurrent. Once the vesting period and actively at work requirements are met, there is a 30 day waiting period before the cash benefits are paid as the first 30 days of involuntary unemployment are not covered. So, the payments would begin on March 1, 2010.

Scenario 2:

- Q. Buyer is employed all through 2009 and gets laid off on May 15, 2010 and does not find employment until January 1, 2011. If the buyer otherwise qualifies, how many months would the buyer be entitled to receive?
- A. The buyer would be entitled to the full 6 months of payments. As long as the buyer becomes unemployed at any time during the coverage period, the buyer can receive the maximum number of payments under the policy which is 6 months.

Scenario 3:

- Q. Buyer is employed during 2009 until the buyer is laid off on September 1, 2009. Can the buyer make a claim for the unemployment benefits?
- A. No, the buyer did not meet the 6 month vesting period requirement **prior** to making a claim. Buyer cannot make a claim until January 1, 2010. Also, the buyer must return to work and be working at least 4 consecutive months before the buyer can make a claim

Scenario 4:

- Q. Buyer is employed from August 1, 2009 until he is laid off on October 1, 2009. Can the buyer make a claim for the unemployment benefits?
- A. No. The buyer did not meet the 6 month vesting period and he has not been employed for the required consecutive 4 month period.

Scenario 5:

- Q. Buyer becomes unemployed during the 6 month vesting period. Can the buyer just wait to make a claim after the 6 months and still qualify for the insurance benefits?
- A. No, the policy requires unemployment to begin after the 6 month vesting period ends. So, if the buyer becomes unemployed anytime before the initial 6 month vesting period is over, the buyer will not be eligible to file a claim unless the buyer returns to work for at least 4 consecutive months and the 6 month vesting period has ended.

Scenario 6:

- Q. Buyer is employed all during 2009 but is fired for willful misconduct such as stealing from the company. Or what if the buyer is not happy at his job and just decides to quit? Can the buyer qualify for the insurance benefits under either scenario?
- A. No, the buyer must experience involuntary unemployment to qualify for benefits. Involuntary unemployment does NOT include quitting, resigning, retiring, expiration of an employment contract, being fired for cause, or being on leave due to accident, sickness, disability, family obligations, childbirth, pregnancy, or due to scheduled seasonal or temporary breaks. There are additional disqualifications under the insurance policy and the policy should be read to understand these disqualifications.

Scenario 7:

- Q. Buyer works all throughout 2009, but is injured in an accident and becomes disabled on December 1, 2009. Can the buyer make a claim for accidental disability benefits?
- A. Yes, the buyer can make a claim for the accidental disability benefits because the disability occurred after the 4 consecutive month “actively at work” requirement. There is no 6-month vesting period requirement for accidental disability coverage. Payments will commence after the elimination period ends (January 1, 2010).

Scenario 8:

- Q. Buyer works part-time (25 hours) all through 2009 and is laid off on January 15, 2010. Can buyer qualify for the insurance benefits?
- A. No, the buyer must work a minimum of 30 hours a week for 4 consecutive months in order to qualify for the insurance benefits.

Scenario 9:

- Q. Buyer accidentally dies on March 15, 2010. Can the buyer’s estate make a claim for the \$10,000 accidental death benefit?
- A. Yes, the estate can make a claim immediately; there is no vesting or elimination period for accidental death benefits.

Scenario 10:

- Q. Buyer and his spouse are buying a home. Buyer has never owned real property before but his spouse has owned a home within the last 3 years. Can either buyer or spouse qualify for the program?
- A. No, all parties must be first time homebuyers in order for any party to qualify under the program.

Scenario 11:

- Q. Buyer and his spouse are buying a home. Buyer has never owned real property but his spouse had a home she sold 5 years ago. Can both of them qualify under the program? And what amount do they qualify for?
- A. Yes, both parties can qualify under the program since they are both considered “first time” homebuyers as it’s been over 3 years since the spouse has owned real property. One party can qualify for the \$1500 monthly benefit and the other can qualify for the \$750 monthly benefit. The parties themselves can determine who applies for which amount.

Scenario 12:

- Q. Buyer and her friend are buying a house and have never owned any real property. Can the buyer and her friend qualify under the program?
- A. Yes, there is no requirement that the co-buyers be married or even related at all.

Scenario 13:

- Q. Buyer does not own a home but does own rental property. Can the buyer qualify under the program?
- A. No, the buyer may not own any real property during the escrow period to qualify under the program.

Scenario 14:

- Q. Buyer does not own any other real property but his spouse does. Can either buyer qualify under the program?
- A. No, all parties must not own other any real property during the escrow period to qualify under the program.

Scenario 15:

- Q. Buyer has a business and is self-employed. The buyer's business takes a bad turn and the buyer closes down the business on March 1, 2010. Can the buyer make a claim for the unemployment benefits?
- A. No, the policy does not cover self-employed individuals.

Scenario 16:

- Q. How many months can the buyer get paid under this program if he otherwise qualifies?
- A. The buyer will be paid 1/30th of the monthly benefit amount for every day the buyer is unemployed (beyond the vesting and waiting period) up to a maximum of 6 months.

Scenario 17:

- Q. The buyer meets all the insurance requirements but is given a severance package from her employer when she gets laid off. Will the severance package offset the payment under the policy?
- A. No, the insurance company does not take into consideration any severance package when paying out claims.

Scenario 18:

- Q. Buyer does not want to file a claim with the state unemployment office. Can the buyer still qualify for the insurance benefits?
- A. A buyer must file for California Unemployment Insurance in order to make a claim for benefits under the policy.

Scenario 19:

- Q. Where can I find further information if my questions were not covered above?
- A. Call Della Romano of RealCare at (800) 939-8088, or email Ms. Romano at dromano@realcare.biz. Be sure to mention that you are calling about the CARHAF Mortgage Protection Program.