



Mortgage Protection Program

Frequently Asked Questions

What is the Mortgage Protection Program?

The Mortgage Protection Program provides a combination of involuntary unemployment, accidental disability and accidental death protection for qualified first-time home buyers. The program is being offered by the California Association of REALTORS® Housing Affordability Fund (“CARHAF”), to help build confidence in the purchase of a home and to reduce the fear of foreclosure in the event of a job loss or accidental death or disability. CARHAF has committed \$1 million to provide this program to qualified home buyers.

What are the benefits?

Through the program, first-time home buyers who lose their jobs or become accidentally disabled may be eligible to receive up to \$1,500 per month for up to six months to help make their mortgage payments. A qualified co-buyer can also participate in this program, for a reduced monthly benefit of up to \$750 per month for up to six months in the event of a job loss or disability. In addition, the program offers a one-time \$10,000 accidental death benefit.

How much does it cost?

It costs the home buyer absolutely nothing! If the home buyer is granted an insurance policy, the insurance premium is prepaid for one year by CARHAF.

Who qualifies for this program?

An applicant must:

- Be a first-time home buyer who hasn't owned a home in the last three years;
- Open and close escrow between 4/2/2009 and 12/31/2009;
- Purchase a primary residence in California;
- Be represented by a California REALTOR®; and
- Be a W-2 employee (i.e. not self-employed) but can not be a sole proprietor, partner or controlling stockholder in the business in which you are employed, or a dependent of a sole proprietor, partner or a controlling stockholder in the business in which you are employed.

There are no income or home price caps under this program.

Are there any exclusions under the policy?

Yes. You cannot be self-employed, an independent contractor, a business owner, a temporary or seasonal worker, an educational employee on a scheduled break, or work for your immediate family. There are other exclusions such as voluntarily choosing to become unemployed, expiration of employment contracts, willful misconduct, criminal misconduct, death, disability, family leave, childbirth, pregnancy and war. See the insurance policy for specific definitions of these exclusions.

How do home buyers apply?

Home buyers must apply through a California REALTOR®. The REALTOR® will submit the completed application to CARHAF on the home buyer's behalf. The application can be downloaded at www.carhaf.org.

When does the home buyer get the insurance contract?

An e-mail confirming coverage under the insurance policy will be sent to the insured and a special web address and password will be included to use in order to access and review the insurance policy within thirty (30) days after eligibility has been verified.

Must the monthly benefit amount be used to pay for the mortgage payment?

Yes. Under the CARHAF Mortgage Protection Program, a home buyer agrees to use the insurance proceeds first to pay the mortgage, and the remainder however he/she sees fit.

Are the benefit payments taxable?

It is possible that unemployment benefits may be taxable. Home buyers should consult their tax advisor about any benefits received and determine what tax rules apply. The plan pays regardless of any other coverage a home buyer may already have.

For general customer service questions, who do I contact?

Call Monica Rodriguez at (213) 739-8380, or email Ms. Rodriguez at monicar@car.org. Be sure to mention that you are a CARHAF Mortgage Protection Program customer.

When can the home buyer receive program benefits?

The insurance policy requires a "vesting" period of six months before becoming eligible to apply for benefits and a one month "elimination" period before payments begin. More information about the policy can be found at www.carhaf.org or by calling Della Romero at RealCare at 800-939-8088 or emailing her at dromano@realcare.biz.

How long will this program last?

Applications will be reviewed and insurance policies will be awarded on a first come, first served basis until the program funds are depleted or until CARHAF discontinues the program, whichever occurs first.

Questions about the Insurance Benefits

What is meant by Involuntary Unemployment?

Under this plan, Involuntary Unemployment is defined as totally and continuously losing full-time employment as a result of:

- (1) a permanent involuntary termination of employment; or
- (2) an involuntary layoff or suspension of employment; or
- (3) an authorized, unionized strike or labor dispute by a chartered or previously organized trade or labor union; or
- (4) a lockout, discharge of employees or temporary closing of business in response to organized employee activity; or
- (5) a state or federally declared disaster caused by a geological or weather-related natural event.

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.

What are the waiting periods?

Initial Vesting Period and Actively at Work Requirements. 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. 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 your state's unemployment office which will verify the date of your unemployment.

Elimination Period. Once the vesting period and "actively at work" requirement has been met, there is also a 30-day "Elimination Period" before cash benefits are paid. The first 30 days of involuntary unemployment are not covered.

How long do I get involuntary unemployment cash benefits?

There is a six (6) month "Maximum Benefit Period" per unemployment occurrence. You will be paid 1/30th of the monthly benefit amount for every day you are unemployed (beyond the vesting and elimination period) up to a maximum of 6 months. You will be paid in arrears, not in advance.

If you go back to work after having a claim paid, you have to return to work for at least four (4) months consecutively, to "requalify" for benefits. But this will only apply if you renew the coverage beyond the first year.

How do I file an unemployment claim with the insurance company?

Contact 1-800-888-2738 for a claims package. Please mention that you are a CARHAF Mortgage Protection Program customer when doing so to ensure that your call is forwarded to the appropriate personnel. You will need to complete the claims package and submit it according to its instructions. You must register with your state's unemployment division. The claims administrator will verify your coverage and start the claims payment process. If the waiting periods are over and your claim is otherwise valid, you will be paid a benefit equal to 1/30th of the monthly benefit amount for every day beyond 30 days that you are out of work due to unemployment for up to six (6) months. The insurance company does not pay claims benefits in advance.

If I get sick and am out of work do I qualify for Accidental Disability?

No, it only pays if you miss work due to an accident.

Is there a vesting period for the Accidental Disability?

There is no initial vesting period for this coverage but it does contain a 4 month "Actively at Work" requirement among other conditions, exclusions and limitations.

Can I upgrade my benefits or renew the coverage at the end of the one year program?

Prior to the end of the first year, you may be given the voluntary option to renew at a "contributory" rate, which may include the same benefit package or an enhanced package. Renewal of the product is subject to insurance company and/or CARHAF Mortgage Protection Program availability. Methods for payment and other terms and conditions will be provided along with the renewal offer.

The descriptions above are intended to serve as a summary and are not part of the insurance contracts. You should consult your own insurance policy or certificate for the specific terms which apply to you.