



Job Loss Protection Mortgage Payment Protection Plan

Questions and Answers for WHEDA Lenders

1. What is Job Loss Protection?

Job Loss Protection is a mortgage payment protection plan that pays your borrower's monthly mortgage payment for up to six months in case of involuntary job loss.

2. What is the best way to explain the mortgage payment protection benefit?

Simply by saying "As a value-added benefit of your WHEDA loan you are covered by mortgage payment protection for a period of two years. This means that up to six monthly mortgage payments will be paid to your servicer should you become involuntarily unemployed and are eligible for unemployment benefits".

3. Is Job Loss Protection mandatory for all WHEDA Mortgage loans?

Yes, all qualified borrowers must purchase a mortgage payment protection plan.

4. Do borrowers have to purchase a mortgage payment protection plan from WHEDA or can they purchase a plan from an independent source?

No, they do not have to purchase a mortgage payment protection plan from WHEDA. However, our research shows that to receive similar coverage they may have to spend seven times as much.

5. If the borrower decides to purchase a plan from an independent source, what must the plan cover?

The policy must provide coverage equal to Job Loss Protection

- Two years coverage
- Pay up to six months of monthly mortgage payments (PITI)
- Cover all qualified mortgagors
- Eligibility for payment must be the borrower(s) collecting unemployment insurance
- Vesting period can be no longer than 60 days from the date of the loan closing.

6. What would the borrower have to provide to WHEDA to prove that coverage is in force?

The borrower would have to provide WHEDA with a copy of a paid policy having the above coverage.

7. How would WHEDA verify the borrower has obtained the required coverage?

The copy of the paid up policy would be the proof.

8. Is this like life or disability insurance?

No, mortgage payment protection is an involuntary unemployment insurance plan that covers the borrower(s) in case of involuntary job loss only.

9. Can we provide mortgage payment protection for all qualified borrowers?

Coverage is automatically provided for all qualified Borrowers/Mortgagors. The Joint Rider provides benefits based on the percentage of the unemployed person's income to the total qualifying income at the time of unemployment.

10. How long does the coverage last?

The initial coverage is good for two years from the date of the loan.

11. Can the coverage be renewed?

No, the borrower will not have the opportunity to renew at the end of the initial coverage period. The coverage is provided as part of the WHEDA Loan.

12. When an involuntary job loss occurs, who reports the claim?

It is the covered borrower/mortgagor's responsibility to notify the Benefits Administrator at the toll free number on the Certificate of Insurance. A Benefits Representative will assist them with their benefit.