



Homeownership Program Bulletin

January 8, 2009

Program Bulletin #2009-01

To: CalHFA Approved Lenders

Update to HomeOpeners[®], A Mortgage Protection Program Effective February 2, 2009

This bulletin supersedes Program Bulletin #2005-10, CalHFA HomeOpeners, A Mortgage Protection Program on CalHFA Conventional Mortgage Insured Loans, dated March 23, 2005.

All CalHFA conventional loans that are mortgage insured by CalHFA Mortgage Insurance Services include HomeOpeners, A Mortgage Protection Program as detailed in this bulletin. This program is designed to make up to six (6) monthly mortgage payments if the borrower becomes involuntarily unemployed. Effective on loans closed on and after February 2, 2009, the term of coverage for HomeOpeners is a maximum of three (3) years. Loans closed before February 2, 2009 must have the mortgage insurance premium received by February 27, 2009 to receive the current five (5) year coverage; if the mortgage insurance premium is received after February 27, 2009, the coverage period will be three (3) years.

The addition of HomeOpeners to CalHFA conventional loans that are mortgage insured helps overcome borrower concerns about the impact of job loss on owning a home. Borrowers who lose their job involuntarily have a better chance with HomeOpeners to retain their home and maintain their credit standing while they seek reemployment. Lenders also have an effective tool to avoid loan delinquency and differentiate themselves in a competitive market.

HomeOpeners is offered as part of primary mortgage insurance at no additional cost to the borrower or lender.

Coverage

- A maximum monthly benefit is the lesser of the actual monthly mortgage payment (principal, interest, taxes, and insurance) or \$2,500.
- The benefit covers a maximum of six (6) monthly payments over the life of the coverage.
- Coverage begins on the date the loan closes (effective date). During the "Vesting Period" (first sixty (60) days from the effective date), benefits are not payable for the job loss occurrence. The coverage remains in effect for future unemployment occurrences for a maximum of three years from the effective date.
- All eligible borrowers are required to maintain CalHFA primary mortgage insurance to continue HomeOpeners.

- Coverage is provided for all qualified borrowers and co-borrowers. When there are multiple co-borrowers, the amount of the benefit is based on pro-rating of the unemployed borrower's income to borrowers' total income.
- Borrower or co-borrower must be directly obligated on the mortgage loan.
- Borrowers must live in the property that is the subject of the loan.
- Borrower must be unemployed during all weekly work periods in the month for which the monthly benefit is claimed. For purposes of the benefit, unemployed means that the borrower is eligible for unemployment benefits from the California Employment Development Department.
- Ineligible conditions for HomeOpeners include borrowers who:
 - Are voluntarily unemployed
 - Are self-employed
 - Did not earn income on a W-2 basis while employed
 - Received W-2 income while working for a relative
 - Received W-2 income from a company in which they have a 10% or greater ownership
 - Are seasonally employed
 - Are temporarily employed

CalHFA mortgage insurance coverage on the loan must be in full force and effect at the time of claim. If the CalHFA mortgage insurance on the loan is cancelled or terminated, the HomeOpeners benefit also terminates.

Lenders must provide a copy of Exhibit A, Frequently Asked Questions, to borrowers who apply for CalHFA conventional mortgage insured loans.

Program Administration

Notification regarding qualification for HomeOpeners, as well as complete coverage details, will be provided to borrowers by Lloyds, Inc. after the loan is closed. Borrowers should review this material and call the insurer's benefit administrator, Lloyds; toll free at (877) 484-5677 to be sure they qualify. Borrowers requesting the benefit will submit the application along with evidence of receipt of unemployment benefits from the California Employment Development Department to the Benefit Administrator for processing and payment.

Because the monthly benefit is the lesser of the actual mortgage payment or \$2,500, there may be circumstances when the benefit is insufficient to satisfy the entire monthly mortgage obligation. The borrower likely will need to pay a portion of such obligation during any period of unemployment in order for a full monthly mortgage payment to be recorded as fully paid by the Lender.

CalHFA's Homeownership Division thanks you for your business and we look forward to continuing to support your affordable housing loan needs. Questions regarding this bulletin should be directed to CalHFA, Mortgage Insurance Division, at 1121 L Street, 7th Floor Sacramento, CA 95814; by phone (916) 322-8936; by fax (916) 322-8697 and you can always visit CalHFA's web site at www.calhfa.ca.gov

Attachment

* HomeOpeners is a registered trademark of Genworth Mortgage Holdings, LLC.



CalHFASM HomeOpeners[®]
A Mortgage Protection Program

Frequently Asked Questions

Q: What is HomeOpeners^{®*}?

A: HomeOpeners is an involuntary unemployment insurance/mortgage protection program underwritten by certain underwriters at Lloyd's. HomeOpeners covers the first thirty-six (36) months of the mortgage term. This insurance can help make all or part of the borrower's monthly mortgage payment (principal, interest, taxes and insurance) capped at \$2,500 per payment for up to six (6) months.

Q: Who qualifies for HomeOpeners from CalHFA?

A: HomeOpeners comes standard on all CalHFA conventional mortgage insured loans with 35% coverage.

Q: How much does HomeOpeners cost?

A: CalHFA mortgage insurance includes HomeOpeners at no additional cost to the borrower.

Q: Is HomeOpeners available on existing loans?

A: HomeOpeners is available only on new loans closed on or after April 1, 2005.

Q: When does HomeOpeners coverage begin?

A: Coverage begins on the date the loan closes (effective date). If a borrower becomes unemployed during the "Vesting Period" (60 days from effective date), benefits are not payable for *that* job loss occurrence, although the coverage remains in effect for a future unemployment event(s). The waiting period is the first 30 days from the unemployment date. Benefits (mortgage payment) will not be made unless the borrower is still unemployed at the end of the 30 days and providing the unemployed borrower is eligible for California EDD benefits.

Q: What is the HomeOpeners coverage term?

A: Three (3) years, provided CalHFA mortgage insurance coverage is in effect.

Q: How much of the monthly mortgage payment does the HomeOpeners involuntary unemployment insurance pay?

A: The lesser of the actual monthly mortgage payment (including principal, interest, taxes and insurance) or a maximum of \$2,500 per month.

Q: How many payments will be paid?

A: No more than six (6) monthly mortgage payments will be made during the term of the coverage. Once approved for benefits, the amount of the monthly mortgage payment is prorated equal to the unemployed borrower's percentage of the total household income (i.e. if the unemployed borrower earns \$3000 of a \$6000 total household monthly income, the benefit payment is 50% of the monthly mortgage payment).

Q: Who is covered by HomeOpeners?

A: The borrower and co-borrower, if applicable.

Q: What types of unemployment events are not covered?

A: Unemployment events covered by California EDD unemployment benefits are eligible.

Some unemployment events will not be covered, for example:

- o Seasonal employment
- o Temporary employment
- o Voluntary unemployment
- o Self employment

Q: When does the HomeOpeners coverage end?

A: Benefits end for many reasons, for example, when:

- o Six (6) monthly payments have been made under a borrower's claim;
- o A false claim has been discovered;
- o The home is refinanced or sold;
- o Title is transferred;
- o Thirty-six (36) months have passed from loan closing date;
- o Mortgage insurance is canceled.

Q: Does HomeOpeners cover a second mortgage?

A: No, it only covers the first mortgage.

Q: What does the borrower do if they become unemployed?

A: If the borrower becomes unemployed, he/she should contact the Genworth Job Loss Resolution center (insurer's Benefit Administrator); toll free at 877-484-5677. Borrowers should review the notification regarding HomeOpeners, a Mortgage Protection Program, and the summary of protection provided to them during and/or after the loan closed.

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