

Home Payment Protection Program (“HPPP” or “Program”) FAQ’s

1) What is HPPP?

HPPP provides involuntary unemployment benefits for qualified home buyers. The program can help build confidence in the purchase of a home and reduce the fear of foreclosure in the event of a job loss.

2) What are the benefits?

This program, which is paid for by the seller, provides up to 6 monthly payments of up to either \$1,000 or \$1,500 (depending on the seller’s choice at the time of listing) if the buyer loses his or her job. A qualified co-buyer may also be covered under the program, for a monthly benefit amount that is calculated on a pro-rata basis. More information about the Program can be found at www.cynosurefinancial.com/car/ or by calling Jonathan Boos at cynoSure Financial, Inc. (“cynoSure”) at 586-771-3334 Ext 103 or emailing him at jb@cynosurefinancial.com.

3) How much does it cost?

The seller pays either \$200 for the monthly payment coverage up to \$1,000, or \$275 for the monthly payment coverage up to \$1,500.

4) How long is the buyer covered?

The coverage is effective on the close of escrow date for one year, with an initial 90 day exclusion period. The buyer becomes eligible for payments after the initial 90 day exclusion period during which the buyer must remain employed. The buyer must also comply with the 30-day state unemployment benefit requirement and other HPPP terms and conditions.

5) Who may be eligible?

The primary and secondary borrower listed on the loan instrument or deed, described in the HPPP terms and conditions as “Customer.” The Customer must be a W-2 employee (i.e. not self-employed) and may not own more than 10% of the company he or she is employed by. See Question 7 below.

6) How long must the buyer be employed in order to be eligible?

The buyer must be gainfully employed on a regular full-time basis (at least thirty (30) hours per week with the same employer) for at least twenty- four (24) consecutive weeks immediately prior to his or her unemployment date.

7) Are there any exclusions under the Program?

Yes. The buyer can not be self-employed, an independent contractor, own more than 10% of the company he or she is employed by, or be a temporary or seasonal worker. There are other exclusions such as voluntarily choosing to become unemployed, unemployment due to misconduct,

criminal activity, death, disability, family leave, strike and war. See the Program's terms and conditions for specific definitions of these exclusions.

8) How does the seller obtain HPPP for the property?

The seller fills out an HPPP Seller Agreement with his or her California REALTOR® at the time of listing the property with the California REALTOR®. The seller or the California REALTOR® submits the completed form to cynoSure. The Seller Agreement may be obtained from the California REALTOR® or downloaded at www.cynosurefinancial.com/car/. HPPP remains on the property for as long as the property is listed with the REALTOR® under that listing contract. Payment for the HPPP is due at close of escrow, and is remitted by the escrow agent to cynoSure per seller's escrow instructions. After cynoSure receives payment, cynoSure will send the buyer HPPP terms and conditions, containing the specific customer and address information, effective date, benefit maximums and other information. In order to obtain the HPPP benefits, payment for the program must be received by cynoSure.

9) If the buyer becomes unemployed, but does not have a loan payment obligation can the buyer still collect a monthly payment?

No, to be eligible for monthly payments, the buyer must have financed the home and still have outstanding payments due.

10) Can the buyer renew HPPP coverage or purchase it on his or her own?

No, this coverage cannot be renewed or purchased by the buyer.

11) Are homes purchased for business or commercial use eligible for HPPP?

No. The Program applies to residential property for which the seller has elected to include HPPP for the benefit of the buyer. If the purchased property is used for commercial purposes (including, but not limited to, being leased), or financed or leased to a business, corporation or partnership, it is excluded from HPPP coverage.

12) How will the buyer get notification of the Program Terms and Conditions?

Within forty-five (45) days after close of escrow and after cynoSure's receipt of payment, cynoSure will mail the buyer the HPPP terms and conditions containing the customer name(s), property address, effective date, benefit maximums and other information. The buyer may contact Program Headquarters at 1-800-711-4280 with any questions regarding the terms and conditions, or to file a claim.

13) How does the buyer file a claim for HPPP benefits?

The buyer should contact cynoSure at 1-800-711-4280 to request a benefit form. The claim must be reported within sixty (60) days of the unemployment date. cynoSure will send the benefit form to the buyer and buyer must send in the required items to cynoSure at P.O. Box 7691, St. Clair Shores, MI 48080, postmarked within ninety (90) days of the unemployment date.

14) What are the necessary claim documents?

- a) *A completed Claim form.*
- b) *A signed original letter from the buyer's former employer on company letterhead verifying the date of the buyer's unemployment, the reason for unemployment, length of employment and any severance paid.**
- c) *Documentation from the buyer verifying he/she is receiving unemployment compensation from a state agency for at least 30 days.*
- d) *A copy of the loan instrument or deed which identifies the effective date of the purchase contract or the closing date of the home purchase.*
- e) *A copy of a loan payment coupon.***
- f) *Proof of continuous employment for 24 consecutive weeks prior to the effective date of the coverage period, and*
- g) *Any other documentation that may be reasonably requested from cynoSure.*

**If the buyer is currently receiving severance pay, the buyer is not eligible to receive HPPP benefits. Once the buyer stops receiving severance pay, and if he/she still qualifies for benefits under the HPPP Terms and Conditions, he/she is eligible to receive the HPPP benefits.*

***To be eligible to receive benefits under HPPP, the buyer must have made at least 3 account payments and must be current on all account payments prior to the unemployment date.*

15)How long does it take to process a claim?

Upon receipt of all necessary documents, the claim will be processed within five (5) business days.

16) Does the buyer need to submit unemployment documentation every month to process a claim?

Yes. Each month the buyer must provide documentation verifying he or she is receiving unemployment compensation from a state agency

17) How long does it take to receive a benefit check?

Checks are issued every Wednesday. When a claim is approved a check will be issued the first Wednesday after processing is completed.

18) Who will the check be issued to?

The check will be payable to the buyer and be sent by first class mail to the buyer's address as listed on the loan instrument or deed.

19) What happens if the buyer's monthly loan payment is greater than \$1500?

The maximum benefit is either \$1,000 or \$1500 per month, depending on the coverage elected by seller at time of listing. If buyer's monthly loan payment is greater than this amount, buyer would be responsible for paying the difference.

20) Are the benefit payments taxable?

It is possible that the benefits may be taxable to the Buyer. Buyers should consult their tax advisor about any benefits received and determine what tax rules apply. If a buyer receives more than \$600 in benefits he/she will receive a 1099 for the year in which they were received.

21) How is the monthly payment calculated when there is a primary borrower and co-borrower on a loan?

*At the time of the claim, cynoSure would calculate payments on a pro-rata basis. The unemployed borrower's monthly benefit is determined by taking the unemployed borrower's income divided by the combined total of both borrowers' income at the time of the claim. The resulting percentage is then multiplied by the approved actual monthly payment up to the maximum limit. **Example:** If I have a joint loan and I make \$50,000 per year and my wife makes \$100,000 per year and I am unemployed, I would be eligible to receive 33.33% of the approved monthly payment. If the maximum monthly benefit on the program is \$1,000 and my monthly loan payment is \$1,000, I would receive \$333.33 as a monthly payment.*

22) If the buyer sells the home, does the remaining coverage, if any, go with the home?

No, HPPP is non-transferable, and upgrades or renewals are not available under the Program.