



## MASSACHUSETTS HOUSING LOAN LOSS RESERVE FUND MORTGAGE PAYMENT PROTECTION

### Borrower Disclosure and Claim Procedure

In conjunction with the mortgage loan on your residential real property, the Massachusetts Housing Loan Loss Reserve Fund (the "Fund") has entered into a Loan Loss Reserve Agreement (the "Agreement") with your lender to protect the lender in the event you are unable to meet your mortgage payment obligations. The Agreement now includes, at no additional cost to you, an additional benefit if you become unemployed, pursuant to which the Fund will pay the lender up to six (6) regular monthly mortgage payments on your behalf provided that you meet certain specific criteria described below. This new benefit is called the Mortgage Payment Protection benefit, or MPP, and is limited in some circumstances. Please read the following carefully.

#### Eligibility

- You must be a borrower or co-borrower who is directly obligated on the mortgage loan. The Mortgage Payment Protection benefit does not apply to any co-signor, guarantor or other obligor on the loan.
- You must live in the property that is subject of the loan.
- You must have made at least six (6) previous regular monthly mortgage payments to your lender.
- You must be unemployed during all weekly work periods in the month for which the monthly Mortgage Payment Protection benefit is claimed. For purposes of the MPP benefit, "unemployed" means that you are eligible for unemployment benefits from the Commonwealth of Massachusetts, Department of Labor, Division of Unemployment Assistance ("DUA").
- You must provide proof of unemployment to the Fund. (See "Claim Procedure" below.)
- You may not have collected more than four (4) weeks of unemployment benefits during the twelve months prior to the effective date of unemployment that serves as a basis for an MPP benefit claim.
- The reserve coverage provided by the Fund for your loan must be in full force and effect. If the reserve coverage for your loan is cancelled or terminated, the MPP benefit also automatically terminates.

#### Claim Procedure

- Attached to this disclosure is a sample claim form. If you become eligible for MPP benefits, please contact the Fund at the address listed below for an actual claim form to be completed.
- You must complete a separate claim form for each month you are unemployed and return it to the Fund as instructed on the form.
- The Fund will determine, in its sole discretion, whether the eligibility criteria have been satisfied prior to any benefit being paid by the Fund to your lender.
- You must certify on the form that you were unemployed for the month for which the benefit is claimed and that you otherwise meet all of the eligibility criteria set forth above.
- You must attach to each claim form evidence of payment of DUA benefits for each of the four weeks that comprise the period for which the MPP benefit is claimed.
- Any failure to comply with these claim procedure requirements may result in a denial of MPP benefits.

**Other Terms and Conditions**

- The Fund's obligation pursuant to the MPP benefit endorsement is limited to payment to your lender of a monthly amount not to exceed the principal and interest portion of your regular monthly payment, or \$2,000, whichever is less, for a period not to exceed six (6) months. The MPP benefit may be paid over six (6) consecutive months or in separate occasions of one or more monthly periods, but the MPP benefit shall in no case exceed a total of six (6) monthly payments over the ten-year term of this benefit or the life of the mortgage, whichever is less.
- In the event a fraudulent MPP claim is discovered subsequent to disbursement of MPP benefits to your lender, the Fund reserves the right to seek a refund of MPP payments directly from the lender. In such event, your lender will reverse all mortgage payments paid from the MPP benefits and you will remain obligated for such payments. Late fees may be assessed against you accordingly.
- During the period that any MPP claim benefit is being processed, you will remain obligated to remit full monthly mortgage payments to your lender as they become due. Any failure by you to make regular monthly mortgage payments during any such period will be reported to credit reporting agencies.
- Only in rare circumstances will the MPP benefit be sufficient to satisfy your entire monthly mortgage obligation. You will likely 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 your lender.
- MPP benefits paid to your lender on your behalf will be income to you for federal income tax purposes and will be reported annually to you and the IRS using an IRS-1099-misc statement. The payment of any MPP benefits on your behalf will not result in any reduction in the interest on your loan which may be deductible for federal income tax purposes as reflected in the IRS-1098-INT statement that will be issued to you by your lender.
- If you are a co-borrower, your MPP benefits will be limited to your pro-rata portion of a regular monthly payment, based on your respective share of income as used in underwriting the loan. No MPP benefits are payable on behalf of any co-borrower whose income constituted less than ten percent (10%) of the total income used to underwrite the mortgage loan.

The Fund is the sole obligor of the coverage described in this disclosure. Any failure of the Fund will not impose any obligation for payment of MPP benefits described in this disclosure on any lender, mortgage servicer or successor or assignee of the Agreement.

If you have any questions regarding the MPP benefit, eligibility criteria or the claim procedure, please contact the Fund at: Mortgage Insurance Fund, Massachusetts Housing Finance Agency, One Beacon Street Boston, Massachusetts 02108. Telephone: 617-854-1000 Fax: 617-854-1029

**Acknowledgment by Borrower(s):**

I hereby acknowledge that I have received and understood the foregoing Borrower Disclosure and Claim Procedure and understand that it is my responsibility to file a claim for the benefits described therein should I become eligible for such benefits.

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*Borrower*

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*Co-Borrower*

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*Date*