

FAQ - General

- Q Short Sale:** If MPA homeowner sells their home through a Short Sale during the MPA payment period (12 months of payments or \$20k whichever comes first) or during the 5-year forgiveness period, would they be obligated to pay back the mortgage payments that were made on their behalf?
- A** In the case of a short sale there would not be sufficient equity so repayment would not be required. OHSI would require repayment of the unforgiven principal balance of the MPA loan on a refinance or sale of your property ONLY if there is sufficient equity to fully satisfy the full balance of the MPA loan. (Example: You received \$10,000 in assistance through the MPA program. You then sold your house in year 3 for \$110,000. You owed \$105,000 on your first mortgage. You do not have enough funds left over from the sale of the home (\$5,000) to cover what was used through MPA (\$10,000). You would NOT have to pay back the funds.).
- Q Foreclosure:** During the MPA payment period, foreclosure proceedings are frozen. After the payment period, could a homeowner go back into foreclosure? Does the homeowner have to repay the MPA loan if the house is foreclosed?
- A** Yes, your home could go back into foreclosure.
- A** In the case of a foreclosure of the first Mortgage, OHSI's junior lien would foreclose out. The loan is nonrecourse loan so no repayment would be required.
- Q Loan Modification:** In the event that you achieve a non-HAMP modification during the 12 months of MPA payments, would that lower the payments *during* the remaining months for OHSI, OR would the modified terms begin immediately *after* the 12 month MPA payment period?
- A** There would be no restriction on participating in a non-HAMP modification. Once the modification was complete the loan servicer would notify us of the new payment and we would remit the new payment amount.
- Q If a homeowner modifies their second mortgage, will this affect their continuing eligibility for MPA?**
- A** No.
- Q Is life insurance or workman's compensation insurance considered income?**
- A** No, insurance payments are not considered income.
- Q Is inheritance considered income?**
- A** Inheriting liquid assets is not considered income. However, if you inherit residential property this will disqualify you from the program.
- Q Does the MPA loan create a second mortgage?**
- A** No, the loan creates a junior lien against the 1st mortgage.
- Q If a homeowner does not pay their second mortgage during the MPA program, could the second mortgage holder foreclose and take the house?**
- A** If you do not pay your second mortgage, yes, the second mortgage could foreclose. However the second mortgage is subordinate to the first, meaning the balance of the first mortgage must be paid prior to paying any other obligation, leaving only whatever is left over to pay the second mortgage. While this type of foreclosure does happen and is legal, it does not happen often because most often the second mortgage holder does not get enough money relative to the cost of the foreclosure process for it to be a satisfactory arrangement.