Sellers seeing to it that mortgages get paid

Latest incentive in home sales: layoff insurance

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LOS ANGELES — Free granite countertops, swimming pools and landscaping aren't going to convince anyone who's afraid of losing a job to buy a home. But what about a promise to pay your mortgage if you get laid off?

With the unemployment rate at a 26-year high and home sales still in the dumps, a growing number of homebuilders and even some real estate agents are trying to coax buyers with a kind of mortgage unemployment insurance.

Major builders offering job-loss mortgage payment plans include Lennar Corp., Pulte Homes Inc., The Ryland Group Inc. and Toll Brothers Inc.

"We're literally adding at least one builder a day throughout the country," said Todd Ludlow, senior vice president of Rainy Day Foundation, a nonprofit organization that administers the programs for many builders.

Builders can pay anywhere from $450 to $900 per customer for the coverage. Some absorb the cost as they would any other sales promotion, while others pass it on to buyers, Ludlow said.

In January, Lennar unveiled a version of Rainy Day's program called "Piece of Mind Mortgage Payment Protection Plan." Lennar covers monthly mortgage payments between $1,800 and $2,500, depending on the market, for a maximum of six months. Buyers can take advantage of the program only if they lose their job within the first two years after purchasing the home.

Some real estate firms also are getting into the act.

Keller Williams Realty Inc. began offering job loss protection through the Rainy Day Foundation a couple of weeks ago as a test program in South Florida with an eye to an eventual national rollout.

"We're bringing it to our sellers as a marketing opportunity," said Greg Cook, spokesman for Keller Williams South Florida.

The firm also is offering it to those who buy through a Keller Williams agent.

The plan pays up to $2,500 to cover the full mortgage payment, including taxes and insurance, for six months.

The insurance costs $650, which can be structured into the closing costs paid by the seller, or it can be paid by the lender or the agent, Cook said.