

What is Mortgage Protection Insurance:

☀️ Buying a home is a major financial commitment. Depending on the loan you choose, you might be committing yourself to 30 years of payments. But what will happen to your home if you suddenly die or become too disabled to work? Mortgage protection insurance (MPI) can help your family cover your mortgage under certain circumstances – you can avoid foreclosure if you can no longer work to pay your mortgage.

👁️ ***Let's take a closer look at what MPI is.....***

What it covers and who might need a policy.

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👉 MPI is a type of insurance policy that helps your family make your monthly mortgage payments if you – the policyholder and mortgage borrower – die before your mortgage is fully paid off. Some MPI policies will also offer coverage for a limited time if you lose your job or become disabled after an accident. Some companies call it mortgage life insurance because most policies only pay out when the policyholder dies. However, MPI comes with living benefits like disability, critical illness, terminal illness, and income protection.

Mortgage Protection how it works

👉 Most MPI policies work the same way as traditional life insurance policies. Every month, you pay the insurer a monthly premium. This premium keeps your coverage current and ensures your protection. If you die during the term of the policy, your policy provider pays out a death benefit that covers a set number of mortgage payments or a lump sum payment that matches your mortgage amount, depending how your policy is set up. The limitations of your policy all depend on what you can afford on a monthly basis. With MPI the surviving spouse or the designated beneficiary, gets the check, not the lender. This gives the family more control on

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whether they want to pay off the home in full and be free and clear of the debt. Or, they can continue to make monthly payments to the lender.

Acceptance Rates

👉 MPI policies are a simplified issue product. What that means is you don't have to take a medical exam, only answer the questions on the application. This can be very beneficial if you're sick.

MPI Vs. PMI

👉 Keep in mind that there are different types of mortgage insurance and MPI isn't the same thing as private mortgage insurance. Private mortgage insurance (PMI) is **a type of insurance that may be required by your mortgage lender if your down payment is less than 20 percent of your home's purchase price.** PMI protects the lender (NOT you or your family) against losses if you default on your mortgage.

👉 Many homeowners assume that their PMI will cover their mortgage payments when they die. This assumption is incorrect. As the borrower, PMI doesn't afford you any type of protection. If you can't pay your mortgage and you have PMI, your home will still likely go into foreclosure.

TIP: You can use a Mortgage Protection Life Insurance Policy towards the balance of your HOME, HELOC or a REFI. When you die the money goes to your spouse and family **NOT** the bank or lender!