

3 STEPS EVERY NEW HOMEOWNER SHOULD TAKE TO KEEP THEIR HOME

The biggest investment

For most families this will be the largest investment they make. For almost two centuries its been clear that nothing has built wealth for the typical family in the United States like homeownership.

Protecting this investment from loss is essential. There are several considerations like cost, coverage, etc, to consider, but should protecting the investment even be a question, I mean really??

I, for one, after 19 years of helping individuals and families in the area of their insurance affairs, believe that if you've gone to all that trouble of selecting, financing, getting excited about buying and moving in to the home, it should be a no brainer to go the extra distance and get the investment insured.

I mean, imagine having it taken away because you've suffered the unexpected loss of income due to death, disability or physical loss like fire, theft or other damage. It just makes sense to insure something that the family has sacrificed so much to have.



Who's covered from the get-go

Anyone still considering whether or not this is a wise move should consider the following:

The banks and title companies that are transacting the buying and selling of your home are covered from the get go, and they don't ASK for permission.

They automatically tack on PMI-Private mortgage insurance (also known as Lenders mortgage insurance), which is meant to protect the lender against the risk of default on the part of the borrower. Additionally they require (and are backed up by LAW) that the home be covered for damage, fire, theft, etc., through Homeowners Insurance and that's added to the payment automatically. So they've left clues as to how important it is to insure against loss.

Protecting your Assets- Is up to you – here is a 3 step formula to ensure the family is covered no matter what happens



Mortgage Life Insurance (also known as Mortgage Cancellation Insurance)- Insures the loan on the home will be paid, in the event of death, so that the family keeps the home and not the bank.

There are generally 3 types of TERM life insurance that are best suited to cover a loan

- Reducing Term Insurance- Coverage amount reduces as the loan balance comes down, typically premiums stay the same, covers the length of the loan
- Level Term Insurance- Coverage amount remains level through the term of the contract (usually 20-30 years), and premiums remain level
- Increasing Term Insurance – Coverage increases as do premiums for the term of the contract (not recommended)

Disability Insurance -It could be difficult to make your mortgage payments if an illness or injury prevented you from working. Mortgage Disability Income Insurance is a policy that provides you with a monthly benefit amount to help meet your mortgage payment and could pay anywhere from 12 months of benefits up to paying benefits until age 65

Homeowner Insurance-also commonly called hazard insurance or homeowner's insurance (often abbreviated in the US real estate industry as HOI), is a type of property insurance that covers a private residence. It is an insurance policy that combines various personal insurance protections, which can include losses occurring to one's home, its contents, loss of use (additional living expenses), or loss of other personal possessions of the homeowner, as well as liability insurance for accidents that may happen at the home or at the hands of the homeowner within the policy territory. You should already have this type of coverage added to your mortgage payment, as you cannot close on the deal until this is in place or being processed.

If I could provide additional guidance, information, a quote would you care to see it?

If so, we'll be talking soon. I've attached a preliminary quote based on the listed value of the home.

We'll be talking soon! Enjoy your new home and be blessed!!

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