Do You Need Mortgage Insurance? Mortgage and Corporate Tax Compliance Expert Vince Iannello Discusses Various Options

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NEWMARKET, ONTARIO, CANADA, July 7, 2021 /EINPresswire.com/ -- Mortgage insurance is specifically designed to protect your lender if you are buying a home through a mortgage. If you're making a down payment of less than 20% on a home, it's prudent that you understand your private mortgage insurance and choose what fits your needs. Vince Iannello, a professional in providing accounting and personal and corporate tax advisory, says that many people cannot afford to pay the 20% down payment required. Others simply prefer to put a smaller down payment and use the remaining amount on repairs, furnishing, and other emergencies. He explains some of the various options available for potential home buyers.

Borrower-Paid Mortgage insurance:

The borrower-paid mortgage insurance is the most common type of private mortgage insurance (PMI). The policy comes in the form of an extra monthly fee that you pay on top of your regular mortgage payment. You will need to pay BPMI every month until you're at least 22% equity in your home. At this point, your lender will automatically cancel this insurance so long as you are up to date with your mortgage payments. Vince Iannello points out that there are several ways you can have your BPMI canceled at 20%, depending on your repayment plan and proactiveness. For instance, you could refinance or pay your mortgage principal to get the 20% equity. Discuss with your insurance provider to know which method works best for you.

Single-premium mortgage insurance:

This type of mortgage insurance is also known as single-payment mortgage insurance. It simply means you pay the mortgage insurance in lump sum amount at the beginning or when closing. SPMI has some valuable advantages, such as a lower monthly repayment which qualifies you to borrow more. You also don't need to worry about refinancing to get your PMI canceled, and you don't have to watch your progress on the same to know when your PMI will be canceled. According to Vince Iannello this policy type offers the peace of mind you deserve as you work on your investment. However, he warns that there is a potential financial loss if you intend to sell the property within a few years as the lump sum is not refundable.

Lender-paid mortgage insurance:

The lender-paid mortgage insurance or LPMI involves having the lender paying the mortgage insurance premium then increases the loan interest to cover the amount. Usually, your lender will tell you that private mortgage insurance is included in your loan. So you don't have to worry about reaching the 20%. However, you're likely to pay more in interest form than what you would have paid when doing it upfront. You should also keep in mind that you cannot cancel the LPMI when you reach 22% as it is built into the loan. Your monthly repayments are also higher to cover the cost, and Lender paid mortgage insurance is non-refundable. Vince recommends carefully assessing your needs before choosing this type of mortgage insurance.

Don't choose an insurance plan blindly; always consult mortgage experts like Vince Iannello to get the most out of your policy. Work with someone you can trust and invest some time into the options available for flexibility.

Sources
https://vinceiannello.co/
https://viprocorp.org/

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