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Using a Mortgage Insurance Calculator to Determine your LMI Costs by Crowin Smith

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Under Australian Law, mortgage insurance is not a requirement. In case the lenders you plan to work with are asking you for additional payments to basically cover the mortgage insurance, it would be a wise thing to conduct your own research as why you are being asked to pay for mortgage insurance. If it turns out that doing so does not benefit you at all as a consumer, consult with your local trade industry and report the incident.

One of the most common factors to consider when doing a mortgage comparison is the mortgage insurance. Also known as the Lenders Mortgage Insurance (LMI), people in some areas in Australia refer to the mortgage insurance as the mortgage payment protection. Contrary to how it might sound, mortgage insurance works not for the benefit of the consumer but for the security of the lender. It protects the lender from possible financial loss when the borrower fails to meet his or her repayment responsibilities. A mortgage insurance calculator can tell you how this added cost can impact your payments.

Majority of mortgage lenders would offer mortgage insurance to consumers who seek to mortgage off their house all for the reason that it covers all the skipped payments. Mortgage insurance can also work to boost the elderlyâ€™s and minimum wage earnersâ€™ chances of having their mortgage application approved. A pensioner who seeks a mortgage loan is considered a huge risk by lender since they are part of the older population age brackets. We all know that they are more prone to disabilities and illnesses compared to the younger people. In case something like this happens, the Lenders Mortgage Insurance will cover for the loan payments. When the situation becomes worse and heads for default, the insurance company will be the one to chase after the home owner.

The mortgage insurance provides comprehensive coverage thanks to the actual payment amounts required from the consumer. However, standard mortgage insurances donâ€™t usually come with other conditions or terms. It just basically serves as the lenders protection against missed payments and financial loss.

Mortgage lenders also make it mandatory for borrowers who wish to borrow more than 80% of the propertyâ€™s price. Thatâ€™s why if you donâ€™t want to pay for the LMI, you might want to find another alternative or just wait until you can meet the deposit requirements. But if wish to take advantage of mortgage insurance, it would be advisable to get an income protection plan which would be another plan other than your mortgage. The purpose of the income protection plan is to insure up to 75% of your monthly pre-claim income against disability incidents caused by accidents or sickness. In the case of severe cases like cancer and stroke, the whole mortgage will be covered. Visit mortgage websites to know more about the LMI and the mortgage insurance calculator.

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For more information regarding a Mortgage Insurance Calculator, Please visit a Cashbackmortgage.com.au

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