EXODUS LIFE

# The House Stays Home Checklist

A plain-English guide to protecting the family home while the mortgage is still being paid.

A house payment is usually planned around a paycheck. This checklist walks a family through the questions worth asking before they matter: what happens to a mortgage when a homeowner passes away, who each kind of coverage actually pays, which questions to ask before buying, how life coverage through work and private level term compare, and how to make sure the family can find everything. Work through it together, one section at a time. Most of it fits in an evening at the kitchen table.

## 1 What happens to a mortgage when a homeowner passes away

- **The mortgage does not go away.** The loan stays tied to the house, and the monthly payment is still due.
- **The family can often keep the home.** Federal rules generally limit a lender from demanding the full balance just because the home passed to a relative after a death, and a family member who inherits the home can often keep making the payments.
- **The servicer may ask for papers.** The mortgage servicer (the company that collects the monthly payment) may ask for documents such as a death certificate, a will or a court order showing who now owns the home.
- **What changes is the income.** If the paycheck that covered the payment stops, the family still has the same payment and less money coming in to make it.

- [ ] Write down the name and phone number of the mortgage servicer. Both are on the monthly statement.
- [ ] Note the monthly payment and about how many years are left on the loan.
- [ ] Talk it through: if the main paycheck stopped, how many months could the household keep the payment going?
- [ ] Make sure at least one other person in the family knows how the payment is made each month (autopay, online or by check).

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## 2 Lender coverage vs family coverage

Not every kind of coverage connected to a home pays the family. For any policy or program, the question to ask is simple: **who receives the money?**

| Coverage | What it does | Who it pays |
|---|---|---|
| **Private mortgage insurance (PMI) or FHA mortgage insurance** | Required on some home loans. It protects the lender, not the homeowner, if payments stop. It is not life insurance. | **The lender** |
| **Mortgage life insurance sold through a lender** | Often pays the lender directly, and the benefit may shrink as the loan balance falls. Check the policy to see who is named to receive the money. | **Usually the lender** |
| **Private mortgage protection** | A private life insurance policy sized to the mortgage. The family decides how to use the money: the house payment, other bills, or time to grieve. | **The people the policyholder names, usually the family** |

- [ ] List every policy or program tied to the home or the loan.
- [ ] Next to each one, write who receives the money: the lender or the family.

## 3 Questions to ask before buying any mortgage protection

- [ ] Who is named to receive the money: the family or the lender?
- [ ] Does the amount cover the mortgage balance and the other bills the paycheck carries?
- [ ] Does the term last at least as long as the years left on the mortgage?
- [ ] Does the premium stay the same for the whole term, or can it change?
- [ ] What happens when the term ends: does coverage stop, or can it be renewed or converted?
- [ ] What health questions are asked, and how long does approval usually take?
- [ ] Is the policy tied to this loan, or does it stay in place if the home is refinanced or sold?
- [ ] Does it change or replace any coverage already in place?
- [ ] Who is the agent, and is that agent licensed in the family's state?

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## 4 Life coverage through work and private level term, side by side

Many employers offer life insurance to their employees as a group plan. Private level term is bought from a private insurance company. The two can sit side by side; this table shows how they compare.

| | Life coverage through work | Private level term |
|---|---|---|
| **Who offers it** | An employer's group plan. | A private life insurance company. |
| **Health questions** | Usually none for the basic amount; more coverage may need health questions. | Usually yes. They vary by insurer and by policy. |
| **When it can end** | Often when the job ends, including at retirement. Some plans let the employee convert or continue the coverage; check the plan's rules and deadlines. | At the end of the term chosen, which can be matched to the years left on the mortgage. Many policies stop then; others can be renewed at a higher price based on the older age. Some can be converted; ask the insurer. |
| **How the cost works** | Set by the employer's plan. Some plans charge more as the employee moves into an older age group. | Designed to stay level for the whole term chosen. Depends on age, health, the amount and the length of the term. |
| **Coverage amount** | Often set by the plan, for example one or two times yearly pay. | Chosen by the buyer, for example sized to the mortgage balance, subject to approval. |
| **Who receives the money** | The beneficiaries named for the coverage. | The beneficiaries named on the policy. |

> **Before changing anything**
>
> Never drop, cancel or replace any coverage before reviewing it with a licensed agent. Keep current coverage in place until any new policy is approved and in force.

- [ ] For each life policy already in place (a private policy or a group policy through work), write down the amount, how long it lasts and who is named to receive the money.

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## 5 Where the family will find everything

Keep one folder, on paper, digital or both, and tell at least one trusted person where it is. Fill in where each item is kept. **Do not write full account numbers or passwords on this page.**

| Item | Where it is kept | Phone or notes |
|---|---|---|
| Latest mortgage statement and servicer phone number | | |
| How the house payment is made each month | | |
| Deed to the house | | |
| Homeowners insurance policy | | |
| Life insurance policies (private, through work) | | |
| Insurance agent's name and phone number | | |
| Will or trust, if there is one | | |
| Property tax and HOA information | | |
| Utility accounts (power, water, gas, internet) | | |
| Receipts and warranties for big repairs | | |

| | |
|---|---|
| **Person who knows where this folder is** | |
| **Date last reviewed** | |

> **Keep it current**
> Look this page over once a year, and again after any big change: a refinance, a new policy, a move or a new mortgage servicer.

Questions about any of this? A licensed agent can walk through it with the family, in plain English, with no obligation to buy.

This checklist is general information. It is not legal, tax or financial advice. Insurance availability, terms and prices depend on the insurer, the state and individual underwriting.