naf Reverse

Tom Jarboe, Regional Sales Manager
NMLS #210600 · (909) 869-6588
tom.jarboe@naf.com



After closing: who services your reverse mortgage and what your papers should show

QUICK ANSWER

After a reverse mortgage closes, a company called the **servicer** runs the loan: it sends your money, keeps the records, pays any set-aside bills and checks each year that you still live in the home. For a HECM, HUD's rules say the servicer must send you a statement every month and a yearly summary, answer your questions, and send line of credit money within five business days of your written request. My advice: keep every statement, answer every yearly letter, and keep proof that your taxes and insurance are paid.

Key points

- **Your servicer may not be your lender.** The company that made the loan often hires another company to service it, and servicing can be sold. You'll get written notice when it changes.
- **A statement every month.** It shows money paid to you, interest and mortgage insurance added, any tax or insurance payments made for you, your balance and what's still available.
- **The balance grows.** There's no required monthly mortgage payment, but interest, mortgage insurance and fees are added each month. Property taxes, homeowners insurance, HOA dues and upkeep stay yours.
- **Answer the yearly occupancy check.** The servicer must confirm once a year that the home is still your main home. Missing it can put the loan at risk.
- **Line of credit draws are on request.** For a HECM, the servicer must send the money within five business days of your written request, or pay you a late charge.
- **Keep proof of taxes and insurance.** If you pay them yourself, the servicer will ask for proof, such as your insurance renewal page.

Who is your servicer?

Look at your closing papers and your first statement. The servicer's name, mailing address and phone number are on every statement.

HUD requires a HECM servicer to give you a phone number where you can reach staff assigned to HECM questions, and to remind you of it every year and whenever it changes. It must also offer either a toll-free number or a servicing office within 200 miles of your home.

If servicing moves to a new company, federal rules (Regulation X, 12 CFR 1024.33) require a transfer notice: generally the old servicer sends it at least 15 days before the change and the new one within 15 days after, or they send one joint notice at least 15 days before.

The notice gives the new company's name, address and phone number. Your loan terms don't change because servicing moves.

Use only the phone number on your statement or transfer notice. If a letter or call claims a new company now handles your loan and the details don't match, call the number on your last statement first. Scams aimed at reverse mortgage borrowers exist.

What your monthly statement should show

HUD's rule for HECMs (24 CFR 206.203) says the servicer must send a statement each month, plus a yearly summary for the calendar year, until the loan is paid in full. The yearly summary must show:

Line	What it means
Money paid to you this year	Monthly payments and line of credit draws
Mortgage insurance (MIP) charged	The FHA's annual premium, added to your balance
Interest added	Interest isn't paid monthly; it's added to what you owe
Total loan balance	What you owe today, which grows over time
Current principal limit	The most that can be borrowed now
Property charge payments	Every tax or insurance payment made for you from the loan or a set-aside

Read each statement, and here's what I'd check:

1. **Did the money you expected arrive,** in the right amount and on time?
2. **Are the charges ones you recognize?** HUD limits the fees a servicer can add after closing. A servicing fee, if your loan has one, was disclosed when you applied.
3. **Were taxes and insurance paid for you,** and why? If you pay them yourself and see a payment made for you, ask why right away.
4. **Does any set-aside balance look right?** If you have a set-aside (LESA), the servicer reviews it each year and must tell you in writing if it's running short.

Your statement isn't a bill. You can pay toward the balance if you want, in part or in full, any time, with no prepayment penalty. On some HECMs, a payment can add back to your

line of credit; ask your servicer how your loan handles it.

Private (proprietary) reverse mortgages, such as HomeSafe and HomeSafe Second, set their own rules. The HUD rules on this page are for HECMs. If you have a private loan, ask your servicer for its rules in writing.

The yearly occupancy certification

At least once each calendar year, the servicer must confirm your contact information and that the home is still the main home of at least one borrower (and of any eligible non-borrowing spouse). HUD lets the servicer do this on paper, online or by phone.

If it's by phone, it must read you a short legal warning and record the call.

- **Answer it, sign it and send it back on time.** If you don't, the servicer may decide the home is no longer your main home, and that can lead to the loan being called due.
- **Tell your servicer about long absences.** HUD tells servicers to ask you to report absences of more than two months, so a hospital stay or a long visit with family isn't mistaken for a move.
- **Name an alternate contact.** You can name a trusted person the servicer contacts if it can't reach you. You can update this on your yearly certification.

The loan comes due when the last borrower dies, sells, moves out for good (or is away more than 12 months in a row because of illness), or doesn't meet the loan terms. See the occupancy rules.

Line of credit draws and monthly payments

For an adjustable-rate HECM, you can draw from a line of credit at times and amounts you choose. HUD's rules say:

- **Ask in writing.** The servicer must send the money within five business days of receiving your written request.
- **Late money earns you a late charge.** If a line of credit payment comes more than five business days after your request, or a scheduled monthly payment comes after the first business day of the month, the servicer must pay you a late charge from its

own money (for loans with case numbers from September 19, 2017 on, 10% of the late payment, up to $500 per payment, plus daily interest).
- **You can change your payment plan,** for example from monthly payments to a line of credit, unless you took a single lump sum on a fixed-rate loan. HUD allows a fee of up to $20 for the change. The servicer must send you the new plan within five business days of your request.
- **The first 12 months have a limit.** During the first year, total draws can't go over the initial limit set at closing.

Every draw adds to your balance, and interest and mortgage insurance grow on it. Loan proceeds are loan advances and generally aren't taxable income, but talk to a tax professional about your situation. Don't use loan money to buy an annuity or an investment. Nobody involved in your loan can require you to buy one.

If your HECM servicer misses a payment it owes you and won't help, HUD's National Servicing Center can step in: call 1-800-CALLFHA (1-800-225-5342) with your FHA case number. See problems with your servicer.

Proof of taxes and insurance

Think of it this way: the loan doesn't take these bills off your plate. Unless a set-aside or the servicer pays them for you, property taxes and homeowners insurance (plus flood insurance in a flood zone) are yours to pay on time, and you must show proof. HUD's rules say:

- **Insurance:** when your policy renews, the servicer must get proof, such as the declarations page showing the new expiration date, the policy number, coverage, premium and insurer. If it doesn't get proof, it can buy insurance for you at your cost (lender-placed insurance), which usually costs more.
- **Taxes:** keep the county's receipts. Los Angeles and San Bernardino County tax bills come in two installments a year.
- **HOA dues:** you pay these directly, and they must stay current too.

If a bill goes unpaid, the servicer may pay it from your available loan funds and add it to your balance, and it must notify you in writing. If no funds are available, it can ask HUD to

call the loan due. See behind on taxes or insurance and earthquake and fire insurance in California.

Made-up example: Vivian, 77, of West Covina closed on a HECM with a line of credit in March. Her son set up a folder: one tab for monthly statements, one for tax receipts, one for her insurance renewal pages.

When her homeowners policy renewed in August, she mailed the new declarations page to the servicer's address on her statement and kept a copy. In January, the occupancy certification arrived; she signed it the same week and named her son as her alternate contact.

When she needed money for a new water heater, she sent a written draw request and the funds arrived within the week. She knows each draw, plus interest and mortgage insurance, adds to her balance. *A made-up example. Vivian is not a real person.*

Do and don't

My advice: keep a simple folder, and bring your family in on it.

Do

- **Do** open and keep every statement, and check the balance, draws and any payments made for you.
- **Do** answer the yearly occupancy certification right away.
- **Do** send your insurance renewal page to the servicer every year, and keep your tax receipts.
- **Do** make draw requests in writing and keep copies.
- **Do** tell the servicer in writing before any absence of more than two months.

Don’t

- **Don't** call a phone number from an unexpected letter or text. Use the number on your statement.
- **Don't** ignore a letter about taxes, insurance or occupancy. Call early.

Questions families ask

Who services my reverse mortgage, and how do I get help?

Your servicer's name and phone number are on every monthly statement. A HECM servicer must give you a number for staff assigned to HECM questions and remind you of it each year. If servicing changes, you'll get a written transfer notice.

Can you make payments on a reverse mortgage?

Yes. There's no required monthly mortgage payment, but you can pay part or all of the balance any time with no prepayment penalty. Paying down interest can slow how fast the balance grows. You still pay property taxes, insurance, HOA dues and upkeep.

How do reverse mortgage payments and draws work?

For a HECM, monthly payments arrive on the first business day of each month, and line of credit money must be sent within five business days of a written request. Every payment or draw adds to your balance.

What fees can a reverse mortgage servicer charge?

HUD limits them. A servicing fee, if any, is set at application. Other post-closing charges are limited to items HUD allows, such as up to $20 to change your payment plan or certain foreclosure-related costs. Ask in writing about any fee you don't recognize.

What happens when my reverse mortgage is sold to another company?

Your loan terms stay the same. You'll get a written notice with the new servicer's name, address and phone number, generally at least 15 days before or within 15 days after the change. Confirm it by calling the number on your last statement.

Do I have to answer the yearly occupancy letter?

Yes. It's how the servicer confirms the home is still your main home. Not answering it can lead to the loan being called due.

Sources (read November 3, 2026)

- 24 CFR 206.203 (monthly and yearly statements; servicing office within 200 miles or toll-free line; yearly reminder of the HECM phone number), 206.211 (yearly occupancy and contact certification; alternate contact), 206.40(c) (alternate individual), 206.27(b)(1) (line of credit within five business days), 206.26 (payment plan changes), 206.205 (property charges, set-aside reviews and notices), 206.207 (fees after closing), 206.209 (prepayment without penalty), 206.27(c) (when the loan comes due): https://www.ecfr.gov/current/title-24/subtitle-B/chapter-II/subchapter-B/part-206
- HUD Handbook 4000.1 (last revised August 12, 2026), Section III.B.1.d (authorized third parties), III.B.1.e (borrower disbursements, $20 payment plan change fee, late charges), III.B.1.m (insurance proof and lender-placed insurance), III.B.1.p (occupancy certification; report absences over two months): https://www.hud.gov/sites/default/files/Housing/documents/40001-hsgh-Update-18.pdf
- Regulation X, 12 CFR 1024.33 (servicing transfer notices): https://www.ecfr.gov/current/title-12/chapter-X/part-1024/subpart-C/section-1024.33
- CFPB, Reverse Mortgage Servicing Examination Procedures (July 2026): https://files.consumerfinance.gov/f/documents/cfpb_reverse-mortgage-servicing-procedures_2026-07.pdf
- HUD, HECM Notice to the Borrower: What to Do in Case of Late or Non-Payment by Your Mortgagee (revised October 31, 2023): https://www.hud.gov/sites/dfiles/SFH/documents/HECM%20Notice%20to%20Borrower.pdf
- CFPB, "Do I still need to pay my property taxes and home insurance with a reverse mortgage loan?": https://www.consumerfinance.gov/ask-cfpb/do-i-still-need-to-pay-my-property-taxes-and-home-insurance-with-a-reverse-mortgage-loan-en-235/
- HUD housing counselor search: https://answers.hud.gov/housingcounseling/s/?language=en_US



Talk with me first

I'll answer your questions and tell you plainly if a reverse mortgage isn't the right fit. No pressure.

(909) 869-6588 · tom.jarboe@naf.com

Personal estimate and more free guides: thereverseguide.com. Before you can apply, you'll meet with an independent HUD-approved counselor; it's required.

Tom Jarboe, NMLS #210600, New American Funding, LLC, Company NMLS ID #6606. Branch NMLS #2856926. 20955 Pathfinder Rd, Suite 200, Diamond Bar, CA 91765. Licensed by the Department of Financial Protection and Innovation under

the California Residential Mortgage Lending Act. Loans made or arranged pursuant to a California Financing Law license. This guide is not from HUD or FHA and was not approved by HUD, FHA or any government agency. Not a commitment to lend. Equal Housing Lender. More guides at thereverseguide.com.