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Behind on taxes or insurance on a reverse mortgage: what to do

QUICK ANSWER

The short version: call your servicer, the company that sends your monthly statement, as soon as you know a tax or insurance bill is behind. Unpaid property charges can lead to the loan coming due and, in time, foreclosure. But a servicer can offer help such as a repayment plan, and HUD's rules let a borrower fix the problem any time before foreclosure.

Key points

- **Call the servicer first.** It's often not the company that made the loan, so use the number on your statement.
- **A repayment plan may be possible.** It's based on your income and can run up to 60 months (five years).
- **Extra time is possible in some cases.** If the youngest living borrower is 80 or older and there are critical circumstances, HUD may allow more time, case by case.
- **Small amounts behind get a closer look.** A servicer may delay calling the loan due when the amount behind is $5,000 or less, under conditions.
- **Catching up can still work.** A default can be cured any time before foreclosure.
- **Keep answering the yearly occupancy letter.** Missing it can cause its own problems.

Why this matters

With a reverse mortgage (HECM) there is no required monthly mortgage payment. You still pay property taxes, homeowners insurance, flood insurance where required, HOA dues and upkeep. Not paying property charges is one reason the loan can be called due, with HUD's approval, and the home can then be foreclosed.

I'll give you the hard part first. The hopeful part is that the rules include ways to catch up. The loan balance also grows over time as interest, mortgage insurance and fees are added, and any taxes or insurance the servicer pays for you are added too.

What the servicer can offer

Option	What it is	Things to know
Repayment plan	A plan to repay the taxes and insurance the servicer advanced. The monthly amount is figured from 25% of your monthly surplus income, over up to 60 months. HOA dues may be included.	It depends on your income.
At-Risk extension	HUD may delay foreclosure if the youngest living borrower is 80 or older **and** there are critical circumstances, such as a terminal illness, a long-term physical disability, or a family member receiving care in the home. A servicer may look at this when your income can't support a repayment plan.	HUD decides, case by case. Never guaranteed.
Small amounts behind	A servicer may hold off asking HUD to call the loan due when the amount behind is $5,000 or less, under conditions HUD sets.	Ask your servicer which conditions apply to you.
Catching up (a cure)	Pay the overdue charges and repay what the servicer advanced.	Allowed any time before foreclosure.

Even after a loan comes due for reasons other than death, a borrower can often fix the problem and reinstate it, even after foreclosure has started. A servicer can refuse if it already allowed a reinstatement in the past two years, or for a few other narrow reasons.

Refinancing into a new HECM

Some homeowners ask whether a new reverse mortgage could pay off the old one. HUD's guidance says a servicer may offer it only if you qualify under all the usual HECM rules, and only before the loan has been called due, so it isn't something to count on.

Any new HECM goes through the same review as the first one, and HUD allows a HECM-to-HECM refinance only when the increase in what you can borrow beats the total cost by an amount HUD sets, with a written estimate. Ask your servicer and a HUD-approved counselor about your options.

See refinancing into a reverse mortgage. In California, any new reverse mortgage needs independent counseling, and the lender can't take a final application or charge any fee until 7 days after counseling.

The yearly occupancy certification

Your servicer must get a yearly certification that the home is still your main home. It can be on paper, electronic, or verbal (verbal has been allowed since Nov. 30, 2023). Tell the servicer about any absence longer than two months. Not answering on time can trigger a review of whether the loan is due. More in the occupancy rules.

Do and don't

My advice, in short:

Do

- **Do** call the servicer using the number on your statement, and write down the date, the name and what was said.
- **Do** ask about a repayment plan and whether the At-Risk extension could apply.
- **Do** open every letter from the servicer and the county tax office.
- **Do** answer the yearly occupancy letter or call.

Don’t

- **Don't** assume it's too late.
- **Don't** pay anyone upfront who promises to fix this for you. Ask the servicer or a HUD-approved counselor first.
- **Don't** sign up for California's property tax postponement or allow a new lien on the home without asking your servicer and a HUD-approved counselor first.

A made-up example to show how it works. Your situation will be different.

Example: Frank and the missed tax bill

Frank, 83, lives alone in Diamond Bar and has had a reverse mortgage for years. After a hospital stay, his property tax bill went unpaid. His daughter found the notice, and together they called the servicer.

It explained what was owed and asked about his income so it could look at a repayment plan. Because Frank is the only borrower, he's over 80 and he has a long-term physical disability, they also asked whether an extension might apply.

HUD decides that case by case, so nothing was promised, and the plan only works if the bills stay current. Frank and his daughter wrote down each call, then met a HUD-approved counselor to talk through their choices.

Questions families ask

What happens if I fall behind on property taxes with a reverse mortgage?

The servicer will contact you, and the loan can be called due if property charges stay unpaid. Before that, options such as a repayment plan may be available. Call early. A default can be cured any time before foreclosure.

Can a reverse mortgage foreclose on you, and how can you get more time?

Yes, it can if the loan terms aren't met, including taxes and insurance. More time may come from a repayment plan or, if the youngest living borrower is 80 or older and there are critical circumstances, an At-Risk extension. See can you lose the home?

Who keeps paying the property taxes and homeowner's insurance on a reverse mortgage?

You do, unless you have a fully funded set-aside, which pays them and adds each payment to your balance. HOA dues and upkeep stay yours. See how a set-aside works.

I got a foreclosure notice. Is it real?

I can't tell from here. Don't use the phone number on the letter. Call the servicer using the number on your statement, and ask a HUD-approved counselor to look at it with you. Scams aimed at older homeowners exist.

Can I postpone my California property taxes if I have a reverse mortgage?

The two don't mix well. Under California's Property Tax Postponement program, the postponed taxes become a state lien and carry 5% simple interest, and choosing a reverse mortgage makes all postponed taxes due. So does refinancing the home. Ask your servicer and the program before you apply for either.

Sources (read October 29 to November 2, 2026)

- HUD Handbook 4000.1, Part III.B.2.c.ii (repayment plan, At-Risk extension, small arrears, cure) and III.B.1.p (occupancy certification): https://www.hud.gov/hud-partners/single-family-handbook-4000-1
- HUD Mortgagee Letter 2023-23 (repayment plans, $5,000 threshold, verbal certification, Nov. 30, 2023): https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-23hsngml.pdf
- HUD Handbook 4000.1, Part III.B.2.c.ii(D) (permissible loss mitigation for unpaid property charges: repayment plan and At-Risk extension): https://www.hud.gov/hud-partners/single-family-handbook-4000-1
- 24 CFR 206.27, obligations and when the loan comes due (eCFR, Part 206, section 206.27): https://www.ecfr.gov/current/title-24/subtitle-B/chapter-II/subchapter-B/part-206
- 24 CFR 206.205, property charges (eCFR, Part 206, section 206.205): https://www.ecfr.gov/current/title-24/subtitle-B/chapter-II/subchapter-B/part-206
- 24 CFR 206.125(a)(3), reinstating the loan (eCFR, Part 206, section 206.125): https://www.ecfr.gov/current/title-24/subtitle-B/chapter-II/subchapter-B/part-206

- 24 CFR 206.211, occupancy certification (eCFR, Part 206, section 206.211): https://www.ecfr.gov/current/title-24/subtitle-B/chapter-II/subchapter-B/part-206
- 24 CFR 206.53, refinancing a HECM (eCFR, Part 206, section 206.53): https://www.ecfr.gov/current/title-24/subtitle-B/chapter-II/subchapter-B/part-206
- California Government Code 16190 (postponed taxes become due), 16182 (state lien) and 16183 (5% interest): https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=16190
- 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, HECM counselor search information: https://www.hud.gov/hud-partners/single-family-hecmhome



Talk with me first

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

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

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