naf Reverse

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Can you lose your home with a reverse mortgage? Taxes, insurance and getting more time

QUICK ANSWER

Yes, and I'll say that plainly: you can lose your home with a reverse mortgage, but not because the loan "takes" it on a schedule. The loan comes due when the last borrower dies, sells, moves out for good, or doesn't meet the loan terms, and a common problem for a living borrower is unpaid property taxes or homeowners insurance. HUD's rules give servicers ways to help, such as repayment plans, and a borrower can usually fix the problem any time before a foreclosure sale.

Key points

- **It's a loan with rules.** There's no required monthly mortgage payment, but property taxes, homeowners insurance, HOA dues and upkeep stay yours, and the home must stay your main home. The balance also grows over time with interest, mortgage insurance and fees.
- **Unpaid taxes or insurance is the big risk.** If they go unpaid, the servicer may pay them and, with HUD's approval, call the loan due.
- **Help exists.** A servicer can offer a repayment plan of up to 60 months, and HUD may approve extra time for some borrowers 80 and older with critical circumstances.
- **You can usually fix it.** A borrower can catch up and reinstate the loan even after foreclosure has started, with a few exceptions.
- **A set-aside can lower the risk.** A fully funded set-aside pays taxes and insurance from the loan for you.
- **Call early.** The sooner you call the servicer, the more choices you have.

The ways a reverse mortgage comes due

HUD's rule for HECMs (24 CFR 206.27) lists when the loan balance becomes due. Some events make it due right away. Others need HUD's approval first.

What happens	When the loan comes due	Can it be fixed?
The last borrower dies	Right away, unless an eligible non-borrowing spouse qualifies to stay	Heirs choose to pay off, sell or sign over. See after a parent dies
The borrower sells or signs over the title, and no other borrower keeps title	Right away	This is your choice, so plan it
The home stops being your main home, and no other borrower lives there	With HUD's approval	See the occupancy rules
You're away more than 12 months in a row because of physical or mental illness, and no other borrower lives there	With HUD's approval	Talk to the servicer early about plans
Property taxes or insurance go unpaid	With HUD's approval	Often yes: repayment plan, extension, or catching up
Another loan term isn't kept, such as keeping the home in good repair	With HUD's approval	Often yes, by fixing the problem

The reverse mortgage is **non-recourse**. That means you and your heirs don't owe more than the home is worth when the loan is repaid, and the lender can't come after other assets for the rest. The lender's FHA insurance covers any shortfall, but that insurance protects the lender, not you. New American Funding is not acting for HUD, FHA or any government agency.

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

Why unpaid taxes and insurance matter most

Here's how I explain it. With a HECM, the home is the lender's security. Unpaid property taxes put the home at risk with the county, and if the insurance lapses, a fire could leave nothing to protect.

So when a borrower falls behind, the servicer usually pays the bill to protect the home and adds that amount to the loan balance. HUD calls this a property charge default. If it isn't fixed, the servicer can ask HUD to call the loan due.

Under HUD's 2023 update (Mortgagee Letter 2023-23), when the total amount behind is $5,000 or less, a servicer may hold off on asking HUD to call the loan due, under conditions HUD sets. Above that, or if the problem isn't fixed, the servicer can ask HUD. How to catch up if you're behind walks through those steps in detail.

The help HUD's rules allow

These are options, not promises. The servicer decides on the first ones, and HUD decides on the extension.

Help	Who it's for	What to know
Repayment plan	Borrowers whose income can support it	Up to 60 months. The servicer figures the payment from your monthly surplus income. HOA dues can be included.
At-Risk extension	Youngest living borrower 80 or older **and** critical circumstances, such as a terminal illness, a long-term physical disability, or a family member receiving care in the home	The servicer asks HUD for more time before foreclosure. HUD decides in its own discretion, needs proof at least once a year, and the extension ends if the conditions stop.
Catching up (a cure)	Any borrower	Pay the overdue amounts and repay what the servicer advanced. HUD's rules allow this any time before foreclosure.
Reinstatement after foreclosure starts	A living borrower	The servicer must let you fix the problem and reinstate. Foreclosure costs can be added to your balance. It can refuse if it accepted a reinstatement in the past two years, or for two other narrow reasons.

Help	Who it's for	What to know
A new HECM	Only if you qualify under all the usual HECM rules	Not something to count on. See refinancing into a reverse mortgage.
Local help programs	Depends on the program	Servicers may share information on local assistance. A HUD-approved counselor can help you look.

How a set-aside lowers the risk

A Life Expectancy Set-Aside (LESA) holds back part of the loan to pay your property taxes and homeowners insurance (and flood insurance, if required). With a fully funded set-aside, the servicer pays those bills for you and adds each payment to your balance.

It lowers the amount you can borrow, and it doesn't pay HOA dues, repairs or upkeep. If taxes or insurance rise faster than expected, it can run short, and the servicer must tell you in writing.

A lender may require a set-aside after its review of your finances, and you can ask for one even if it isn't required. For many people, it's the simplest way to keep the biggest risk off their plate. How a set-aside works · The financial review

What to do if a notice arrives

1. **Don't ignore it, and don't panic.** Open every letter from your servicer and the county tax office.
2. **Check that it's real.** Don't call the number on the letter. Call the servicer using the number on your monthly statement. Scams aimed at older homeowners exist.
3. **Write things down.** Note the date, the person's name and what they said on every call.
4. **Ask what's owed and why,** in writing, and ask about a repayment plan. If the youngest borrower is 80 or older with critical circumstances, ask whether the At-Risk extension could apply.
5. **Call a HUD-approved housing counselor.** They're independent and can help you understand the letter and your choices.

6. **Answer the yearly occupancy certification.** If you miss it, the servicer may question whether the home is still your main home.
7. **Don't pay anyone upfront** who promises to stop a foreclosure. Ask your servicer or a counselor first.

Made-up example: Teresa, 81, lives alone in Hacienda Heights and has had a HECM for eight years. Last spring her homeowners insurance renewed at a much higher price, and the bill slipped past her during a hard stretch of doctor visits.

The servicer paid the premium to keep the home insured, added it to her balance, and sent her a letter. Her niece helped her call the servicer using the number on her statement. They asked what was owed and about a repayment plan.

Teresa's income could support a small monthly amount, so the servicer offered a plan. Teresa set up automatic reminders for her tax and insurance bills, kept up the plan, and asked a HUD-approved counselor whether any local help programs could make the bills easier next year.

Nothing was guaranteed, but calling early gave her choices. *A made-up example. Teresa is not a real person.*

Do and don't

My advice, in short:

Do

- **Do** keep paying property taxes, homeowners insurance, HOA dues and upkeep, and keep the home as your main home.
- **Do** call the servicer as soon as a bill is late, using the number on your statement.
- **Do** ask about a repayment plan and, if you're 80 or older with critical circumstances, the At-Risk extension.
- **Do** answer the yearly occupancy letter or call.
- **Do** consider a set-aside before closing if paying big bills on time is hard.
- **Do** ask the servicer how a family member can be allowed to talk with them for you.

Don’t

- **Don't** assume it's too late. A borrower can usually fix a default before a foreclosure sale.
- **Don't** pay upfront fees to anyone who promises to save your home.

Questions families ask

Can a reverse mortgage company take your house?

Not just because time passes or the balance grows. The loan comes due when the last borrower dies, sells, moves out for good, is away more than 12 months in a row for illness, or doesn't meet the loan terms. If the loan comes due and isn't repaid, the servicer can foreclose, like with any mortgage.

Can a reverse mortgage foreclose on you, and how do you stop it?

Yes, if the loan terms aren't met. To stop it, call the servicer early, ask for a repayment plan, ask about the At-Risk extension if it fits, and talk to a HUD-approved counselor. A borrower can usually catch up and reinstate the loan, even after foreclosure has started.

How can people with reverse mortgages be facing foreclosure? I thought you got to stay until you died.

You can stay only as long as you live there as your main home and meet the loan terms. Foreclosures on living borrowers often come from unpaid property taxes or insurance, or the home no longer being the main home. That's why keeping those bills paid, or using a set-aside, matters so much.

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

The servicer may pay the taxes, add the amount to your balance, and contact you. Ask about a repayment plan right away. If the amount behind is more than $5,000, or the problem isn't fixed, the servicer can ask HUD to call the loan due. More in behind on taxes or insurance.

Can my heirs lose the house?

After the last borrower dies, the loan comes due. Heirs can pay it off, sell the home, or sign it over. If they do nothing, the servicer can foreclose after its deadlines. Because the loan is non-recourse, heirs don't owe more than the home is worth. See after a parent dies.

I got a foreclosure notice. Is it real?

I can't tell from here. Call your servicer using the number on your monthly statement, not the one on the letter, and ask a HUD-approved counselor to look at it with you.

Sources (read November 3, 2026)

- 24 CFR 206.27 (when the loan comes due; non-recourse), 206.125(a)(3) (reinstating the loan), 206.205 (property charges and set-asides), eCFR: https://www.ecfr.gov/current/title-24/subtitle-B/chapter-II/subchapter-B/part-206
- HUD Mortgagee Letter 2023-23 (repayment plans up to 60 months; $5,000 threshold; At-Risk assessment; verbal occupancy certification): https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-23hsngml.pdf
- HUD Handbook 4000.1, Part III.B.2.c.ii(D) (At-Risk extension: youngest living borrower 80 or older and critical circumstances; HUD's sole discretion; yearly proof; refinancing into a new HECM; local assistance): https://www.hud.gov/hud-partners/single-family-handbook-4000-1
- HUD Handbook 4000.1, HECM servicing (Part III.B): https://www.hud.gov/hud-partners/single-family-handbook-4000-1
- 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.

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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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