naf Reverse

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My parents have a reverse mortgage. What should I do now?

QUICK ANSWER

If your parent already has a reverse mortgage, you don't need to do anything dramatic. You need to know four things: who the servicer is, whether the property taxes and homeowners insurance are being paid, whether the yearly occupancy check gets answered, and whether the servicer will talk to you if your parent needs help. You are not responsible for paying the loan, and the house still belongs to your parent.

Key points

- **Your parent still owns the home.** A reverse mortgage is a loan with the home as security. It comes due when the last borrower dies, sells, moves out for good (or is away more than 12 months in a row for illness), or doesn't meet the loan terms.
- **The bills are what keep it safe.** There is no required monthly mortgage payment, but your parent must keep paying property taxes, homeowners insurance, HOA dues and upkeep, and live there as their main home.
- **The servicer is your contact.** It's the company on the account statement, often not the company that made the loan. It won't discuss the loan with you unless your parent says it can, usually in writing.
- **Plan while your parent can still sign.** A power of attorney and the servicer's authorization form are much easier to set up now than in a crisis.
- **The balance grows.** Interest, mortgage insurance and fees are added each month, so the amount owed goes up over time and the equity goes down.

This page is for a family whose parent is living. If your parent has passed away, start with what happens when a parent dies. I'm a loan officer, not your parent's servicer, lawyer or tax advisor, so I'll be clear about who answers what.

Step 1: Find the paperwork and the servicer

Ask your parent, gently, if you can look at the papers together. Pressure rarely helps. "I want to make sure no one can take advantage of you" often does.

Look for:

- **The most recent account statement.** It names the servicer, the loan number and the balance. The CFPB's guide for borrowers calls it the monthly account statement.
- **The closing papers.** These show who the borrowers are and whether a spouse was named as an eligible non-borrowing spouse.
- **Property tax bills and the homeowners insurance policy.** Check the due dates and whether they were paid.
- **Any letter about the yearly occupancy certification**, a "due and payable" notice, a repair notice, or a notice that the loan moved to a new servicer.
- **Whether it's a HECM or a private loan.** Many reverse mortgages are FHA-insured HECMs. Private (proprietary) loans like HomeSafe set their own rules, so check your parent's loan papers. The rules on this page are HUD's HECM rules.

Step 2: Read the statement

You don't need to understand every line. Look for:

On the statement	What it tells you
Loan balance	What's owed today. It goes up each month.
Interest, mortgage insurance (MIP) and servicing fees added	Why the balance grows even if no money was taken
Line of credit available, or monthly payment amount	Money your parent can still draw, if any
Property charges paid by the servicer, or a set-aside balance	Whether the servicer pays taxes and insurance from a set-aside (LESA) or your parent pays them

On the statement	What it tells you
Advances for taxes or insurance	A warning sign: the servicer paid a bill your parent missed and added it to the balance

The CFPB puts it simply: with a reverse mortgage, the amount owed "goes up—not down—over time." A growing balance isn't a mistake. A charge you don't understand is worth a call. Borrowers have the right to ask the servicer for information or dispute an error, and the CFPB explains how.

Step 3: Make sure taxes, insurance and repairs are handled

This is where reverse mortgages often get into trouble. If property taxes or homeowners insurance go unpaid, the servicer may pay them and add the cost to the balance, and the loan can be called due and the home can go to foreclosure.

- **Find out who pays.** If there's a set-aside, the servicer pays taxes and insurance from it. It doesn't pay HOA dues or repairs. If there's no set-aside, your parent pays the bills directly.
- **Mark the due dates.** Put each property tax due date and the insurance renewal date on a calendar. If your parent pays taxes in installments, the CFPB suggests telling the servicer so it doesn't think a payment was missed.
- **Keep the insurance active.** If a policy is canceled or not renewed, call the servicer and an insurance agent right away. Don't let it lapse.
- **Watch the repairs.** The servicer may inspect the home and ask for repairs. The CFPB says borrowers generally have 60 days to start required repairs after notice. To find local programs that may help with repair costs, call the Eldercare Locator at (800) 677-1116 or LA County's aging line at 1-800-510-2020.

If a bill has already been missed, don't wait. HUD's rules allow repayment plans, and a default can be fixed any time before a foreclosure. See behind on taxes or insurance.

Step 4: Answer the yearly occupancy check

Once a year the servicer must get a certification that the home is still your parent's main home (and the eligible spouse's, if there is one). It can be done on paper, electronically or by phone. If it isn't answered, the servicer can start a due-and-payable review.

Ask your parent to show you when it comes, or put the month on the family calendar. If your parent will be away more than 2 months, tell the servicer. Details are in the occupancy rules.

Step 5: Get permission to talk with the servicer

Servicers protect the borrower's private information. The CFPB says a mortgage company won't talk with a third party about the loan unless the borrower authorizes it, "typically by filling out a third party authorization form."

- **Ask the servicer for its authorization form.** Your parent signs it, naming you (and a backup, if you like). Then you can call about the balance, notices and bills.
- **Ask whether an alternate contact is on file.** Some loan applications ask for someone the servicer can call if it can't reach the borrower. That alone may not let the servicer discuss the loan with you.
- **Neither one puts your name on the loan.** Being an authorized contact doesn't make you a borrower or make you owe the loan.

Step 6: Power of attorney basics

A power of attorney is a legal document in which your parent names someone (the agent) to handle money and property matters. A "durable" one is written to keep working if your parent can no longer make decisions. It has to be signed while your parent can still understand what they're signing.

Here's what I'd keep in mind, without giving legal advice:

- **The servicer may ask for a copy** and review it before working with the agent.
- **An agent must act for your parent, not for themselves.** The CFPB has free guides for people named in a power of attorney.
- **Without one, things get harder.** If your parent can no longer sign and no one has authority, the family may need to go to court.

Please talk with an elder law attorney about a power of attorney, a living trust and who should be named. I can't advise you on those, and the right answer depends on your family.

If your parent moves to care

A short hospital or rehab stay doesn't make the loan come due. A stay in a health care facility of up to 12 months in a row still counts as living in the home.

If the borrower is away more than 12 months in a row for illness and no other borrower lives there, or moves out for good, the loan can come due. When it does, the servicer gives 30 days from its notice to choose: pay off, sell, or sign the home over.

An eligible non-borrowing spouse may be able to stay. Read moving to care and the occupancy rules and the non-borrowing spouse guide. Medi-Cal questions belong with an elder law attorney; see benefits.

Tell the servicer early. Selling a home takes someone with legal authority to sign, which is another reason to plan a power of attorney now.

How the balance grows

Interest and the FHA mortgage insurance premium are added each month, plus any money drawn and any servicing fees, so the balance grows even if your parent takes nothing. The FHA insurance protects the lender, not your parent or your family. New American Funding is not acting for HUD, FHA or any government agency.

What it means for the family: when the loan is repaid, there may be less equity left than you expect, or none. But a HECM is non-recourse.

The loan is repaid from the home, not from your parent's other savings or your bank account, and heirs never owe more than the home is worth. More in keep, sell or walk away.

Signs of trouble

Call the servicer (or ask your parent to) if you see any of these:

- A **"due and payable,"** default or foreclosure notice
- A **property tax delinquency** notice, or an insurance **cancellation or non-renewal**
- A **repair or inspection** letter

- An unanswered **occupancy certification**
- A letter saying the loan **moved to a new servicer.** Call the number on an old statement to confirm before sending anything.
- **Strangers offering help:** someone pushing a refinance, a sale, a "deed transfer" or a fee to "save" the home. See protecting a parent.
- Your parent **missing bills or forgetting** what they signed

From Tom: Tom has seen families get stuck when a parent on the title can no longer sign, and nothing was set up ahead of time. His advice: talk with an estate planning attorney about a living trust or a durable power of attorney while everyone can still sign. See power of attorney and conservatorship.

If a servicer won't respond, you or your parent can send a complaint to the CFPB at (855) 411-2372.

Do and don't

My advice:

Do

- **Do** find the latest statement and write down the servicer's name, phone number and loan number.
- **Do** ask your parent to sign the servicer's third-party authorization form.
- **Do** put the tax due dates, insurance renewal and occupancy check on a shared calendar.
- **Do** talk with an elder law attorney about a power of attorney while your parent can still sign.

Don’t

- **Don't** sign anything for your parent unless you have legal authority.
- **Don't** pay anyone who calls offering to "fix" the loan. Call the servicer yourself.
- **Don't** assume a growing balance is an error. Ask about charges you don't understand.
- **Don't** wait for a crisis to learn who the servicer is.

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

Example: Tam and Bao check on their mom's loan

Tam and her brother Bao learn that their mother, 82, has had a reverse mortgage on her Rowland Heights home for nine years. She is the only borrower. She shows Tam the latest statement.

There's no set-aside, so she pays the property taxes and insurance herself, and Bao puts the due dates on a shared calendar. Their mother calls the servicer with Tam beside her and asks for the third-party authorization form, which she signs naming both children.

She also books a visit with an elder law attorney about a power of attorney. The balance is higher than Bao expected, but it grows with interest and mortgage insurance, and it will be repaid from the home, not from their own money. The occupancy check goes on the calendar too.

Questions families ask

Am I responsible for my parents' reverse mortgage?

No. Your parent is the borrower. Being their child, an authorized contact or their agent under a power of attorney doesn't make you owe the loan. A HECM is repaid from the home. When it comes due, the family can pay it off to keep the home, sell it, or sign it over. See keep, sell or walk away.

My parents have a reverse mortgage. Can they keep living there until they pass?

Yes, as long as they meet the loan terms: live there as their main home, pay property taxes, insurance and HOA dues, and keep the home in good repair. The loan can come due if those aren't met, or if the last borrower moves out for good. Watching those bills is the most useful thing a family can do.

Mom has passed and Dad lives there alone. Does the house have to be sold?

It depends on whether Dad is on the loan. If he's a co-borrower, the loan continues. If he isn't a borrower but was named as an eligible non-borrowing spouse at closing, he may be able to stay, with no more money paid out. If neither, the loan comes due. Call the servicer soon and see the non-borrowing spouse guide.

The reverse mortgage has used up almost all the equity. Does the bank already own the house?

No. Your parent still owns the home and can live there while meeting the loan terms. A high balance means less equity will be left when the loan is repaid. Because a HECM is non-recourse, the family won't owe more than the home is worth.

Can I pay off my parents' reverse mortgage?

Yes. A HECM can be paid off early, in full or in part, with no prepayment penalty. Ask the servicer for a payoff statement in writing. Paying a large amount for a parent can have gift tax and estate questions, so talk to a tax professional first. See getting out of a reverse mortgage.

My parents won't show me the papers. What can I do?

You can't make the servicer talk to you without your parent's permission, and that protects them. Ask gently, offer to sit in on a call, or suggest a HUD-approved housing counselor your parent can speak with alone. If you suspect someone is taking advantage of your parent, see protecting a parent.

Sources (read November 3, 2026)

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- CFPB, "Allowing a third party to work with your mortgage company": https://files.consumerfinance.gov/f/documents/201407_cfpb_handout_allowing-a-third-party-to-work-with-your-mortgage-company.pdf
- CFPB, how to request information or dispute an error with your servicer: https://www.consumerfinance.gov/ask-cfpb/how-do-i-dispute-an-error-or-request-information-about-my-mortgage-en-1855/
- CFPB, Managing someone else's money (guides for agents under a power of attorney): https://www.consumerfinance.gov/consumer-tools/managing-someone-elses-money/
- HUD Handbook 4000.1, HECM servicing, Part III.B (occupancy certification, absences over 2 months, property charge default; last revised Aug. 12, 2026): https://www.hud.gov/hud-partners/single-family-handbook-4000-1
- 24 CFR Part 206 (sections 206.3, 206.27, 206.55, 206.125, 206.209, 206.211), eCFR: https://www.ecfr.gov/current/title-24/subtitle-B/chapter-II/subchapter-B/part-206
- HUD Mortgagee Letter 2023-23 (phone occupancy certification, repayment plans): https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-23hsngml.pdf
- Eldercare Locator: https://eldercare.acl.gov/
- LA County Aging & Disabilities: https://ad.lacounty.gov/contact-us
- HUD housing counselor search: https://answers.hud.gov/housingcounseling/s/?language=en_US
- CFPB, submit a complaint, (855) 411-2372: https://www.consumerfinance.gov/complaint/



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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