



## Home Equity Conversion Mortgage: Homeowner

Do you have, or are you considering a reverse mortgage? The Federal Housing Administration (FHA) provides insurance on Home Equity Conversion Mortgages (HECM), commonly known as Reverse Mortgages. This is an overview of the issues arising from the death of the HECM borrower; and the impacts on a non-borrowing spouse, the heirs, or estate.

### Surviving Non-Borrowing Spouse

A surviving non-borrowing spouse is the spouse of a deceased HECM borrower, who was not named as a borrower in the original loan application and legal documents. This often occurred to secure the maximum claim amount, or principal limit, for the HECM if the younger spouse had not reached 62 years of age or did not have title to the property when the loan was originated.

When the HECM borrower dies, the balance of the HECM becomes due and payable. A non-borrowing spouse may not continue to withdraw any unused loan funds; however, interest, FHA mortgage insurance premiums, and service fees will continue to accrue on the unpaid principal balance.

### Determination of Eligibility for Deferral

If you applied for a HECM on or after August 4, 2014, special deferral provisions may be available for your non-borrowing spouse, permitting him/her to remain in the home after your death. At application, the lender must identify any current non-borrowing spouse and determine if he or she may be eligible for a deferral. A non-borrowing spouse who fails to meet or fails to continue to meet the qualifying attributes on the reverse becomes ineligible and cannot be considered for deferment.

### Disposition of the Property

After the death of the last HECM borrower, a non-borrowing spouse may elect to repay the HECM and retain the property for the lesser of the unpaid principal balance or 95 percent of the property's appraised value. Other accommodations are made for disposal of the property by the HECM borrower's heirs or estate.

### Housing Counseling Requirement

FHA requires that all HECM borrowers obtain HECM housing counseling. Non-borrowing spouses must also attend the required HECM counseling session with a HUD-approved housing counselor. Find one in your area at the link provided, and discuss these issues with the counselor, if you are considering a HECM structured with a non-borrowing spouse.

Recent changes mean that when a non-borrowing spouse is included, the lender must base the maximum claim amount, or principal limit, for the HECM on the age of the youngest borrower or the eligible non-borrowing spouse.

### REACH THE FHA RESOURCE CENTER

#### Online FAQ:

[www.hud.gov/answers](http://www.hud.gov/answers)

Email: [answers@hud.gov](mailto:answers@hud.gov)

Phone: (800) CALL FHA (225-5342)

TTY: (800) 877-8339

### HECM Housing Counselors

Find a housing counselor for HECM in your area by calling: 800-569-4287 or search online at:

<https://www.hudexchange.info/programs/housing-counseling/customer-service-feedback/>.

### HECM Lender

Contact your HECM lender immediately upon the death of the borrower, to obtain the most recent information that pertains to your loan and your situation.



## Take Care of Your Spouse

### Qualifying Attributes for Deferment of Due and Payable Status of HECM

The special deferment provisions apply only if the following conditions are met. Should a non-borrowing spouse fail to meet any of the qualifying attributes, or any of the other requirements for deferral are not met, the deferral of the due and payable status shall cease and the HECM will immediately become due and payable.

- The non-borrowing spouse was properly disclosed to the lender and named as a non-borrowing spouse at loan origination.
- The non-borrowing spouse must have been legally married, as determined by state law, to the borrower at the time of loan closing, and remained married until the HECM borrower's death. Alternatively, they may have been engaged in a committed relationship akin to marriage but were prohibited, at the time of HECM loan origination, from legally marrying based on the gender of both the borrower and non-borrowing spouse, but were subsequently legally married prior to the death of the borrower, and remained married until his or her death. A non-borrowing spouse who was not named on the deed and mortgage due to marrying the borrower after closing is not eligible for deferral provisions.
- The surviving spouse must have resided, and currently reside, in the property secured by the HECM as his or her principal residence.
- The lender has obtained annual recertifications of the borrower's and non-borrowing spouse's marital status and principal residence.
- The spouse must have, or be able to obtain, good, marketable title to the property or a legal right to remain in the property for life.
- All associated obligations, such as property charges, taxes, and insurance must be kept current.
- The surviving spouse is responsible for maintenance of the property to FHA's standards and making repairs, as needed, over the life of the loan.

