



National
Consumer Law
Center

Are You a Reverse Mortgage Non-Borrowing Spouse ?

Tips to Help You Remain in Your Home

Why does this matter?

For homeowners who took out a reverse mortgage prior to August 4, 2014, if the spouse was not included as a borrower on the reverse mortgage, the mortgage documents state that the loan will become “due and payable” after the borrower dies or moves out of the home for health reasons. When a reverse mortgage becomes due and payable, that means the full balance must be paid back or the lender will foreclose. If a non-borrowing spouse is still living in the home, certain steps must be taken quickly after the borrower’s death (or before). **Read more below to find out if you need to take action.**

Why is this happening?

The fact that the lender will foreclose after the borrower’s death sometimes comes as a surprise to a recently widowed spouse. Some couples believed that the non-borrowing spouse would be protected or could be “added to the loan” later. But in fact spouses that were “left off” the reverse mortgage, meaning they were not included as a borrower, face the risk of foreclosure after the borrowing spouse passes away. This changed for new reverse mortgages made after August 4, 2014. These more recent reverse mortgage loan documents allow the non-borrowing spouse to remain in the home when the borrower dies, as long as they are identified as an eligible spouse at the time the loan is made and continue paying taxes and insurance on the home.

How can I stay in the home if I am a non-borrower spouse and the borrower has died?

Contact your mortgage company right away! There is a short time period right now – up until March 21, 2020 - during which the lender can put the loan into a federal government program called the Mortgagee Optional Election (MOE).

The process can take months, so you need to act now. The point of this program is to let a non-borrowing spouse stay in the home for as long as he or she is able to live there and keeps up with other requirements, like paying the property taxes and insurance. However, it is very important to contact the mortgage company right away so that they can collect some information. You may want to get help or advice from a lawyer or housing counselor (see below).

What information does the mortgage company need from me?

They may ask for things like the date of the borrower’s death, the date of your marriage or relationship similar to marriage, and whether you are still living in the home. They may ask for your Social Security Number, a copy of the marriage certificate,¹ and a signed agreement that you are eligible for the MOE program.

Where can I get help or advice?

1. Call your mortgage company
2. Get in touch with a HUD-certified housing counselor by calling 844-HECMHOPE [844-432-6467]
3. Get free advice from a lawyer (if you qualify) by contacting a [civil legal services](#) provider in your area.

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What if we are in a repayment plan to pay back property taxes or insurance?

If the borrower has been in a repayment plan to pay back the mortgage company for amounts it paid for taxes or insurance, that balance will have to be paid off in full before the spouse can be approved for the MOE program. Consider whether you can use life insurance proceeds, savings, or help from family members to pay these charges. Your state or city ([New York, D.C.](#)) may also have a program to help.

What if the borrower is still living, but there is a non-borrowing spouse in the home?

You should act now to notify the mortgage company that there is a non-borrowing spouse. You can do that by calling the mortgage company or returning the Non-Borrowing Spouse Information Sheet if you have received it. Fill out the form to the best of your ability. If you have questions, call the mortgage company or get help from a HUD-certified housing counselor. Make sure the property taxes and homeowner's insurance are paid on time. If the borrower is in a repayment plan to pay back the mortgage lender for taxes or insurance that were paid, that balance has to be paid off when the borrower dies if the spouse wants to be able to stay in the home through the MOE program. This is why it is important to plan ahead for how the spouse would quickly pay back any remaining balance.

Endnotes

1. Special notes about proof of marriage:
 - Common law marriage: If you think you might have been in a common law marriage in a state where this may have been recognized, you may want to consult an attorney to provide a legal opinion.
 - Same-sex relationship: If you and your spouse were not legally able to marry at the time the reverse mortgage was made, you will need to become legally married before the borrower passes away. You may also need to provide verification of your relationship prior to the date of the loan.

For more information, contact:

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