

After the Last Borrower Passes: A Reverse Mortgage Checklist for Heirs

For adult children, executors and other family members settling a home that has a HECM reverse mortgage. Print it, keep it in the loan folder, and fill it in as you go. Each step tells you who to ask and what to write down.

Two things to know first. (1) A HECM is a non-recourse loan: the lender can collect only from the sale of the home, and neither the estate nor the heirs owe any shortfall if the home is worth less than the balance.^{1,4} (2) The deadlines come from the servicer's written notice. Use this checklist to organize the work, and let the notice and your own advisers set the exact dates for your loan.

How the first months usually go

These timeframes are the federal HECM servicing rules. Your loan documents and the servicer's letters control your case, and timing can differ if there is a surviving co-borrower or an eligible non-borrowing spouse.

When	What happens	What you do
At the death of the last borrower	The loan becomes due and payable, unless a surviving borrower still lives in the home or an eligible non-borrowing spouse qualifies for a deferral period. ¹	Call the servicer (the company on the latest statement). Ask what notice it needs.
Within 30 days of the servicer notifying HUD	The servicer sends the estate or heirs a written due-and-payable notice listing the ways to resolve the loan. ²	Keep the notice. Note the date and the response deadline in the loan facts worksheet.
30 days from the notice date	The notice gives you 30 days to respond: pay the balance, sell the home, offer a deed in lieu of foreclosure, or give the servicer information about a spouse who may qualify for a deferral. ²	Reply in writing with your intended path, even if the details are not settled.
Appraisal: within 30 days	The servicer must order an FHA appraisal within 30 days of the notice, of learning of the death, or of your request in connection with a sale. ^{2,3}	Ask for a copy. Record the appraised value and the effective date.

When	What happens	What you do
About 6 months after the death	If the loan is not paid or the home is not sold, the servicer must take the first legal step toward foreclosure within six months of the death, unless HUD approves more time. ³	If you are actively marketing or arranging a payoff, ask the servicer about an extension well before this date.
Extensions	With evidence that the home is being actively marketed or that a payoff is being arranged, the servicer may request from HUD up to two 90-day extensions. Extensions are not automatic. ³	Send the listing agreement, offers, lender letters or payoff progress as proof.

The three paths heirs choose between

If you want to...	How the HECM rules handle it	What to verify first
Sell the home	Sale proceeds pay the loan. If the home is worth less than the balance, HUD lets it be sold for an amount it sets, which cannot exceed 95% of the appraised value, and no one owes the difference. ^{2,4} Any equity left over belongs to the estate.	Who has legal authority to sign a listing and a sale. The appraisal. Closing-cost limits in the notice.
Keep the home	Inheriting the house does not remove the loan. Heirs satisfy the HECM, usually by refinancing into a mortgage in their own name or paying from other funds, for the lesser of the full balance or the HUD-set amount (up to 95% of appraised value). ²	Current payoff figure. Appraised value. Financing you qualify for, before the deadline.
Give the home to the lender	A deed in lieu of foreclosure transfers the home to the servicer and ends the loan without a foreclosure sale. ²	The servicer's required documents and conditions. Title and estate authority.

A co-borrower who still lives in the home keeps the loan on its original terms. A spouse who was never on the loan may qualify as an eligible non-borrowing spouse and stay in the home during a deferral period, if the HUD conditions are met.^{1,4} Ask the servicer to confirm each person's status in writing before you treat the home as an inheritance.

Step-by-step checklist

- ☐ **Find the servicer.** It is named on the most recent reverse mortgage statement. Write its name, phone number and the loan number in the worksheet below.
- ☐ **Notify the servicer of the death** and ask, in writing, what documents it needs (usually a death certificate and proof of who can act for the estate).
- ☐ **Confirm who is on the loan.** Ask the servicer to confirm in writing whether there is a surviving co-borrower or an eligible non-borrowing spouse, and which rules apply.



- ☐ **Decide who speaks for the estate.** One person: the executor, administrator, trustee or another party with legal authority. Send the servicer proof of that authority.
- ☐ **Keep the due-and-payable notice.** Record its date, the response deadline and the options it lists.
- ☐ **Request the appraisal** and a current payoff statement. Record both figures and their dates.
- ☐ **Keep paying property charges.** Property taxes, homeowners insurance, any HOA dues and basic upkeep are still required while the loan is being resolved.^{1,4} Note the next due dates below.
- ☐ **Choose a path** (sell, keep, or deed in lieu) using the comparison worksheet, and tell the servicer in writing.
- ☐ **Ask about an extension early** if a sale or payoff will take longer than the deadline, and send proof of active marketing or financing progress.
- ☐ **Get state-law advice** on probate, title and the will or trust from an attorney, and reverse mortgage questions from a HUD-approved housing counselor (hud.gov/findacounselor, 800-569-4287).⁴
- ☐ **Log every call and letter** in the contact log, and keep everything in one folder.

Loan facts worksheet

Servicer name

Servicer phone / contact person

Loan number

Borrower(s) named on the loan

Surviving co-borrower or non-borrowing spouse? (name, status confirmed on)

Date of death of the last borrower

Date servicer was notified

Date of due-and-payable notice / response deadline

Loan balance (payoff figure) and the date it is good through

Appraised value and effective date of the appraisal

Extension requested on / granted through



Next property tax due date /
insurance renewal date / HOA

Person acting for the estate (role and
proof sent on)

Attorney / HUD-approved counselor
(name and phone)

Documents to gather

- | | |
|--|---|
| ☐ Most recent reverse mortgage statement | ☐ Property tax bills and proof of payment |
| ☐ Death certificate (certified copies) | ☐ Homeowners insurance policy and renewal date |
| ☐ The due-and-payable notice and every servicer letter | ☐ HOA or condo statements, if any |
| ☐ Will, trust or court papers showing who can act | ☐ Appraisal ordered by the servicer |
| ☐ Deed or title report for the home | ☐ Repair estimates, if the home needs work |
| ☐ Original loan documents (note, mortgage, closing disclosure) if you can find them | ☐ Listing agreement, offers or lender letters (proof for an extension) |

Questions to ask the servicer, in writing

- ☐ What is the exact response deadline on our loan, and what date does the six-month period run from?
- ☐ Which options does our notice list, and what documents do you need for each?
- ☐ Is there a surviving co-borrower or an eligible non-borrowing spouse on your records? What must they do to keep the deferral?
- ☐ What is the current payoff figure, and how long is it good for?
- ☐ When will the appraisal be done, and can we have a copy?
- ☐ If the home is worth less than the balance, what sale price will you accept, and what closing costs are allowed?
- ☐ How do we request an extension, what evidence do you need, and by when?
- ☐ Who at your company is our single point of contact, and how do we send documents securely?



Keep, sell or deed in lieu: comparison worksheet

Fill in your own figures from the appraisal, the payoff statement and your advisers. This is a worksheet to organize a family decision, not a recommendation.

Question	Keep the home	Sell the home	Deed in lieu
Appraised value			
Loan payoff figure			
Amount needed to satisfy the loan (lesser of payoff or the HUD-set figure, up to 95% of value)		n/a	n/a
Estimated equity left for the estate after payoff and selling costs	n/a		n/a
Repairs needed and estimated cost			
Financing available to the heir who would keep it (lender and amount)		n/a	n/a
Who would live in the home, and can they cover taxes, insurance and upkeep?		n/a	n/a
Time needed vs. the deadline			
Family members in agreement? (initials)			

Servicer contact log

Date	Spoke with / letter from	What was said or sent	Next action and due date



Things families often get wrong

- **"Living here makes me a borrower."** It does not. Only the people named on the loan are borrowers, and only a spouse who meets HUD's conditions is an eligible non-borrowing spouse.¹
- **"The deed transfer took care of the loan."** A deed transfer, trust distribution or buyout between siblings does not change what the servicer is owed or when.
- **"We can stop paying the taxes and insurance now."** Property charges and upkeep are still required while the loan is resolved, and unpaid charges can be added to the balance.¹
- **"The extension is automatic."** It is not. The servicer must ask HUD, and HUD expects proof that you are actively selling or arranging a payoff.³
- **"We will owe the shortfall."** For a HECM, no. The lender's only recourse is the home.^{1,4}

Questions? Call (844) 230-6679 to speak with a licensed specialist or check your [free reverse mortgage eligibility](#) in under a minute. · [SouthRiverMortgage.com](#)

Sources: ¹ 24 CFR 206.27 (mortgage provisions: due-and-payable events, non-borrowing spouse deferral, no personal liability) and 24 CFR 206.205 (property charges, which the servicer may pay and add to the loan balance), [ecfr.gov/current/title-24/section-206.27](#) and [section-206.205](#). ² 24 CFR 206.125 (due-and-payable notice within 30 days, 30-day response, options including sale for up to 95% of appraised value and deed in lieu, appraisal within 30 days), [ecfr.gov/current/title-24/section-206.125](#). ³ HUD Mortgagee Letter 2015-10, HECM Due and Payable Policies, April 23, 2015 (first legal action within six months of the death; up to two 90-day extensions on evidence of active marketing or payoff attempts; appraisal timing), [hud.gov/sites/documents/15-10ml.pdf](#). ⁴ Consumer Financial Protection Bureau, "Considering a reverse mortgage?" (non-recourse, co-borrower and eligible spouse occupancy, property charges, HUD counselor line 800-569-4287), [files.consumerfinance.gov/f/documents/cfpb_considering-a-reverse-mortgage_2025-12.pdf](#); HUD counselor search, [hud.gov/findacounselor](#). Figures current as of October 28, 2026. This guide is for general education and is not a commitment to lend or legal, tax or financial advice. Borrowers must still meet all loan obligations, including paying property taxes, homeowners insurance and maintaining the home.

