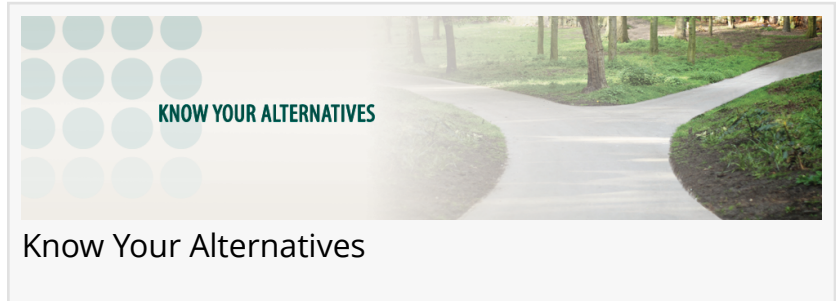


Understanding Reverse Mortgages: The Top Four Questions Families Ask—and the Answers That Bring Peace of Mind

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When it comes to reverse mortgages, confusion and concern are common—especially among families navigating end-of-life estate planning. Experts in the field are addressing the four most frequently asked questions about what happens when a reverse mortgage reaches maturity:



What happens when only one of the two borrowers on the loan dies?

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Paul Scheper

What happens to the house when the last surviving borrower dies?

Who gets the equity when both borrowers are no longer alive?

Do the kids or heirs owe money, or have any financial obligation?

Reverse mortgages are due and payable only after the last surviving borrower passes away. If one spouse dies but the other remains on the loan, the loan continues unaffected. In some cases, a non-borrowing spouse may qualify for a loan deferral, allowing them to remain in the home.

"Reverse mortgages operate just like a traditional mortgage—heirs can either sell the home or refinance it to pay off the loan," says Paul Scheper, Certified Reverse Mortgage Professional (CRMP). If the home is no longer the borrower's primary residence or required obligations like property taxes or maintenance are not met, the loan may also become due. In all cases, the borrower or estate is formally notified.

One of the most common myths is that the bank automatically takes possession of the home when the borrower dies. "Contrary to what many people think," says Scheper, "the bank does not take title to the home after the death of the last borrower - this is a misconception." This is often the borrower's greatest fear — that their heirs will get nothing. "The home remains in the estate," Scheper adds, "Title and ownership pass to the heirs, who then decide whether to sell or refinance. The bank is not in the business of taking homes—it's just a loan that must be repaid."

Joshua Wilson, another CRMP, emphasizes the simplicity of the process. "After the borrower passes away, the heirs have two basic choices: sell the home and collect the remaining equity, or refinance to keep the home. Either way, the reverse mortgage is paid off like any other loan—nothing more, nothing less."

Victoria Leonard, a financial planner, highlights a key benefit of reverse mortgages: their non-recourse feature. "Heirs are never liable for more than the home is worth. If the loan balance exceeds the property value, the difference is covered—neither the borrower's estate nor the heirs are responsible for the shortfall," Leonard explains.

According to the Federal Housing Administration (FHA), this guarantee ensures that heirs can make decisions based on what's best for them—not out of fear of unexpected debt. "Reverse mortgages offer peace of mind, not a burden," adds Leonard.

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