



Inheriting a Home Secured by an FHA-insured Home Equity Conversion Mortgage

If you have inherited property secured by an FHA-insured Home Equity Conversion Mortgage (HECM), you have certain options regarding disposition of the property and satisfaction of the HECM loan.

What is a HECM?

A HECM is a reverse mortgage insured by the Federal Housing Administration (FHA) that converts the equity in a home into a source of available funds for the HECM borrower. The borrower makes no payments on the loan while living in the house, but the loan balance becomes due and payable when the borrower either sells the home, no longer occupies it as their primary residence, or upon the death of the last surviving borrower. At this point no more funds may be disbursed from the HECM proceeds.

Know Your Options

The deceased HECM borrower's estate or heirs (other than a non-borrowing spouse*) HECM loan or transfer title to the property to the lender through a deed-in-lieu of foreclosure to avoid foreclosure.

The loan must be satisfied within 30 days of the date of the borrower's death. The lender may approve 90-day extensions with satisfactory documentation that the estate or heirs are actively trying to sell the property or repay the HECM loan.

Property taxes and insurance on the property remain the responsibility of the borrower's estate until title is transferred.

Selling the Home

You may need to sell the home to repay the HECM loan. If the loan balance is more than the home is worth, the estate or heirs may sell the home for at least 95-percent of the current appraised value and the lender will accept the net proceeds as satisfaction of the loan. Any post death transfer is considered a "sale" for these purposes.

Keeping the Home

If you prefer to keep the home instead of selling it, the HECM loan balance must be paid off in full.

Take Action Today

Contact the HECM lender immediately to review your responsibilities and options.

REACH THE FHA RESOURCE CENTER

Online FAQ:

www.hud.gov/answers

Email: answers@hud.gov

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

TTY: (800) 877-8339

* Non-Borrowing Spouse of the Deceased HECM Borrower

If you are the non-borrowing spouse of the decedent, special provisions are available that may postpone repayment of the HECM loan, allowing you to remain in the property during your lifetime. You must, however, provide your lender with a Non-Borrowing Spouse Certification within 30 days of the last surviving borrower's death among other requirements.

