

How to Keep the Family Home After a Reverse Mortgage

——A SIMPLE GUIDE FOR HEIRS——

One of the most common misconceptions about reverse mortgages is that children or heirs automatically lose the home when their parent passes away — **but that simply isn't true.** In reality, heirs have the option to keep the home by paying off the reverse mortgage balance, usually through a refinance, cash payment, or by selling other assets. Better yet, if the loan balance exceeds the home's value, they only need to repay up to 95% of the appraised value, thanks to built-in protections. With proper planning, the family home can absolutely stay in the family — and understanding the process makes all the difference.

Options Available

1 Use Savings

If you (or the estate) have enough cash saved up, you can pay off the loan directly and keep the home.

2 Get a New Mortgage

You can apply for a traditional mortgage (just like buying a new home) and use those funds to pay off the reverse mortgage.

You'll need to qualify based on your income, credit, and debt — just like any regular home loan.

3 Take Out a Short-Term Loan

Sometimes heirs use a short-term private loan or bridge loan to pay off the reverse mortgage quickly.

This gives you breathing room to refinance or plan longer-term.



4 Family Buyout

If multiple heirs are involved, one person can buy out the others' share and refinance the property.

This way, the home stays in the family without forcing a sale.

5 Sell Other Assets

Instead of selling the home, you might sell other property, investments, or valuables to raise the cash needed.

Timing is Important

After the borrower passes away, the reverse mortgage lender typically gives heirs 30 days to respond and up to 6 months to repay the loan.

You can often ask for two 3-month extensions, giving you up to 12 months if you stay in communication with the lender.

Helpful Tips

- Get the home appraised quickly so you know exactly what it's worth.
- Talk to the lender right away — they'll explain your deadlines and options clearly.
- Work with a real estate attorney or financial advisor if you need help organizing everything.