



SeniorLAW Center

Protecting the Rights of Older Pennsylvanians

REVERSE MORTGAGE PITFALLS!

1. **Real Estate Taxes!** After the LOAN is taken out, the homeowner remains responsible for paying the real estate taxes. Borrowers applying for a reverse mortgage who do not have “good credit” may have money withheld from their loan to pay their property taxes over the life of the loan.
2. **Pay Your Property Taxes On Time!** If the Reverse Mortgage company has not set aside funds to pay your taxes, you must pay the taxes each year before March 31. If you enter into an agreement with the City to pay your taxes in installments extending beyond March 31, there is no guarantee the mortgage company will pay any attention to your agreement. More likely, if the mortgage company discovers that taxes are owed on March 31, it will pay the taxes and may sue you to foreclose the loan.
3. **Homeowner’s Insurance!** If the Reverse Mortgage company has not set aside money to pay your premium, you must pay your insurance premium on time, each year, before the policy lapses. If you fail to pay, the mortgage company may purchase insurance coverage and may sue you to foreclose the loan. Send a copy of each policy renewal to the insurance department at your reverse mortgage servicer.
4. **Maintain Your Home!** You must keep your home in good repair. The Reverse Mortgage company may “drive by” your home at any time to verify that the property is occupied and being maintained.
5. **Check the Deed to Your Home!** If you are married, both husband and wife need to be on the Deed! If one spouse was removed when the Reverse Mortgage was taken out, CALL SENIORLAW CENTER AT 215-988-1242 IMMEDIATELY. We will investigate whether missing spouse can be added back onto the deed.
6. **Open Your Mail!** The mortgage company must contact you if they discover the taxes or insurance are not paid. You should be given 30 days to work with the mortgage company to arrange payment.
7. **Taking Out A Reverse Mortgage Means You have Less to Pass Onto Your Family When You Die!** Many seniors homeowners live in homes with other family members. If you take out a Reverse Mortgage, chances are you will have nothing to pass to your family when you die. If your family wants to stay in the home after your death, they must find a way to repay the loan. No matter what you write in your Will, the house will be owned by the mortgage company if your heirs cannot pay the debt.

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