

NON-BORROWERS

HECM non-borrowers come in all types. Non-borrowing spouses (both eligible and ineligible), non-borrowing owners, non-borrowing household members, and more can all be part of the reverse mortgage process.



HECM Non-Borrower Requirements

Non-Borrower Type	NB Example	Age used for PLF	Resides in Property	On Title	Counseling Required	NB Income can be used	Disclosures Required
NBS Eligible	Spouse under 62 living in property	Yes	Yes	Yes or No	Yes	Yes	Yes
NBS Ineligible	Spouse not living property	No	No	Yes or No	Yes	No	Yes
NB Owner	Kid or heir who is on title	No	No	Yes	Yes	No	Yes
NB Household Member	Kid living in the home	No	Yes	No	No	Yes (reduce family size only)	No (unless income used)
NB Household Member/Owner	Kid living in the home who is also on title	No	Yes	Yes	Yes	Yes	Yes

Eligible vs Ineligible NBS (HECM only)

To be an eligible NBS, the spouse must:

- Be married to the borrower at loan closing and for the duration of the borrower's lifetime
- Be properly disclosed to
- Occupy the property as their primary residence

Eligibility is not optional, if the spouse meets the criteria above, they may be eligible for a deferral period when the due and payable event occurs. NBS' who are ineligible must document their ineligible status. Only in states that recognize common law or domestic partnerships may the non-borrower be treated as a non-borrowing spouse. The relationship must be properly documented.

FAQs

Q. Can kids/heirs be considered non-borrowing spouses?

A. No, only legally married spouses (or common law or domestic partners in states where allowed) can be a non-borrowing spouse. Children may remain on title to the subject property and will be treated as non-borrowing owners.

Q. When does the deferral period go into effect?

A. Deferral periods begin if the borrower passes away or moves to healthcare facility for 12 months or more. If the borrower just moves to a different property, there is no deferral period for the NBS.

Q. Do all non-borrowers have to be removed from title before or at closing?

A. No, anyone can stay on title, but non-borrowers must be counseled, sign disclosures and there is no deferral period for anyone except eligible non-borrowing spouses.

Q. What happens if the ENBS moves out of the subject property after closing?

A. If the NBS moves out of the subject property, they are no longer considered an eligible NBS.

Q. If there is a legal separation agreement exists, is the borrower still considered married?

A. Yes, unless a divorce decree has been recorded, the borrower is still considered married.