



For Senior Taxpayers

Question: I entered into a “reverse mortgage” arrangement with my bank, are proceeds of the loan taxable to me?

Answer: A **reverse mortgage** is a loan where the lender pays you (in a lump sum, a monthly advance, a line of credit, or a combination of all three) while you continue to live in your home. With a reverse mortgage, you retain title to your home. Depending on the plan, your reverse mortgage becomes due with interest when you move, sell your home, reach the end of a pre-selected loan period, or die. Because reverse mortgages are considered loan advances and not income, **the amount you receive is not taxable**. Any interest (including original issue discount) accrued on a reverse mortgage is not deductible until you actually pay it, which is usually when you pay off the loan in full. Your deduction may be limited because a reverse mortgage loan generally is subject to the limit on Home Equity Debt discussed in Part II.

See [Publication 936](#) on **Home Mortgage Interest Deduction**.

Category: [Other \(Alternative Minimum Tax, Estates, Trusts, Tax Shelters, State Tax Inquiries\)](#)

Subcategory: [For Senior Taxpayers](#)

Please provide your feedback.

1. Was it easy to find your information within the above Frequently Asked Question?

Easy Somewhat Easy Somewhat Difficult Difficult

2. How satisfied are you with the information provided within the above Frequently Asked Question?

Satisfied Somewhat Satisfied Somewhat Dissatisfied Dissatisfied

3. If you still need help from the IRS, what would your next step be?

No additional help is needed Continue to search IRS.gov web site Call Write Visit

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The OMB number for this study is 1545-1432.

If you have any comments regarding this study, please write to:

IRS, Tax Products Coordinating Committee
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