



# REVERSE MORTGAGES EXPLAINED

Speaker Name | Brokerage Name

Speaker Phone # | License #



# Agenda

- 1 What Is A Reverse Mortgage?
- 2 Who's Eligible?
- 3 How A Reverse Mortgage Can Help You
- 4 Solutions With Equitable Bank
- 5 Common Misconceptions
- 6 The Equitable Bank Process

## WHAT IS A REVERSE MORTGAGE

A reverse mortgage is a type of loan that allows individuals over the age of 55 to release equity from the home they live in – tax and payment free. Think about it like a mortgage that pays you, instead of a mortgage you pay.



The amount you're eligible for is based on the youngest homeowner's age at the date of advance



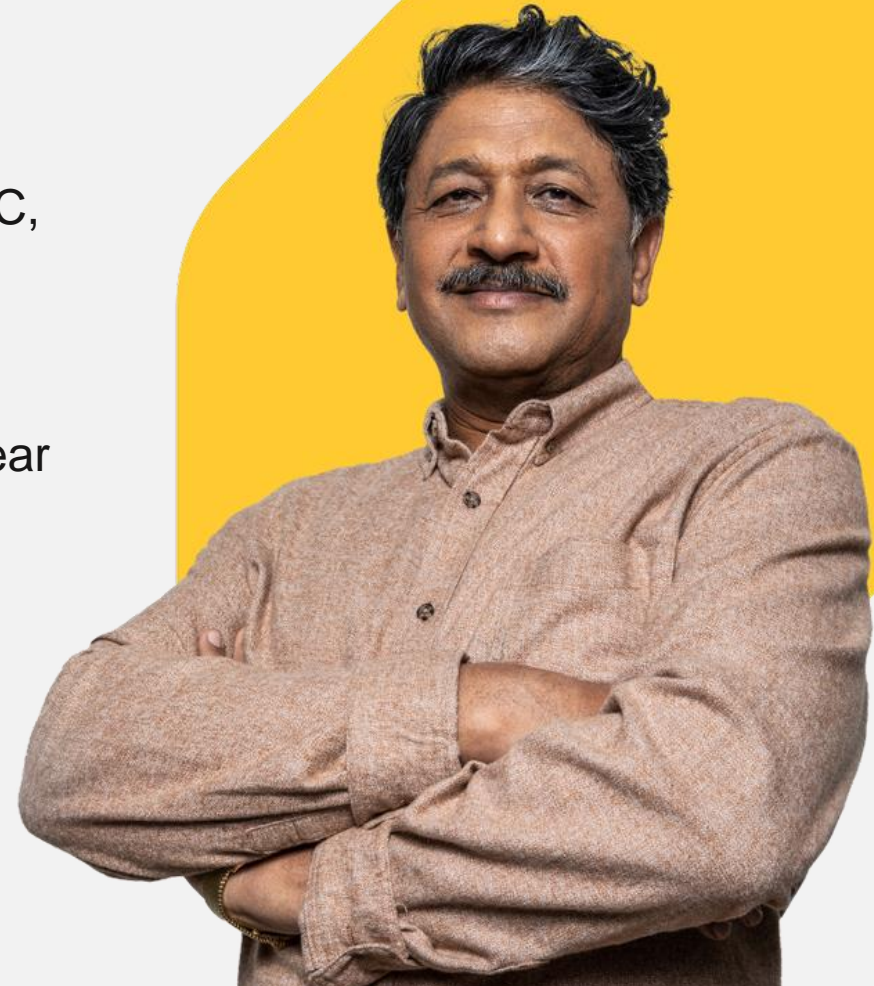
No payments are required until the reverse mortgage becomes due (When a borrower sells their home, moves into a long term care facility or passes away)



You continue to own and live in your home, just like you always have

## MINIMUM ELIGIBILITY CRITERIA

- All borrowers on title must be 55 years of age or older
- Your home must be located in a large town or city in ON, BC, AB, or QC
- You must live in your home for a minimum of 6 months a year
- Your property must be worth at least \$250,000



## HOW IT WORKS



Borrow up to 59% of your home's value – how much you can borrow depends on your age (and spouses age), home value and location



You may take the funds upfront as a one-time lump sum, in the form of scheduled advances (i.e., \$1k a month), or on an as-needed basis



You must pay off and close any outstanding loans or lines of credit that are secured by your home (i.e., a conventional mortgage, HELOC)

- **Funds from the reverse mortgage can be used to pay off other debt**



You have the option to make monthly interest payments. Additional payments may be subject to a prepayment charge.



This is one of best advantages for seniors that are looking to consolidate debts and to eliminate mortgage payments. With being debt free you can live your life without stress.

- KATHLEEN B.

## WHEN IS THE LOAN DUE?

The reverse mortgage due date is at the earliest of:



Date of sale or transfer of  
property



180 days after passing of last  
borrower



1 year after last borrower  
moves into long-term care or  
retirement residence



Upon default (i.e., failure to pay property  
taxes, maintain home insurance or keep  
property in a reasonable state of repair)



# WHY SHOULD YOU CONSIDER A REVERSE MORTGAGE?

## ENHANCE MONTHLY CASH FLOW



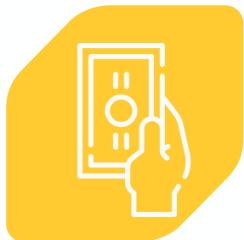
- Eliminate debt payments
- Receive ongoing tax-free payments

## HELP FAMILY



- Down payments, gifting, education
- Early inheritance

## PURCHASE



- A new, right-sized home
- Other major transactions







I feel that a reverse mortgage will enable me to live better on my current income, with less financial pressure. I think my house value will continue to increase over time with the idea that when I eventually sell the house, I would still be able to afford some kind of home ownership.

- SUE M.

## EQUITABLE BANK'S REVERSE MORTGAGE LINE UP

	Flex	Flex PLUS	Flex Lite
Minimum age	55	70	55
Percentage of your home value you can borrow	15-55%	44-59%	15-40%
Advance options (can be combined)	Lump-sum, Scheduled advances Ad-hoc advances		Lump-sum
Setup fee	\$995 set-up fee + home valuation, independent legal advice, and closing costs		

# HOW YOU CAN TAKE YOUR REVERSE MORTGAGE PROCEEDS EXAMPLE

Flex Lite	1	One Lump-Sum Advance	\$500,000			
	Flex /Flex PLUS	2	Lump-Sum Advance and Ad-Hoc	\$300,000		\$200,000 (On Request)
3		Monthly Advances (up to max. credit limit)	\$25,000 (Jan)	\$1,500 (Feb, Scheduled)	\$1,500 (Mar, Scheduled)	\$1,500 (Apr, Scheduled)

## Advance Requirements

- Minimum \$25,000 initial advance
- Minimum \$5,000 subsequent advance, \$50 disbursement fee per subsequent advance
- Minimum \$500 scheduled advances (until the balance of the loan has been withdrawn)
- Can do a combination of all 3 options subject to the maximum approved amount

## WHY CHOOSE EQUITABLE BANK?



- ✓ Competitive **reverse mortgage rates**
- ✓ Competitive rates and prepayment charges mean you **preserve more home equity** over time
- ✓ **Flexible** advance options: Take your funds how you want, when you want



- ✓ Guarantee that you will **never owe more than the fair market value** of your home\*
- ✓ Personalized, friendly, **no-pressure client service**
- ✓ **A bank you can trust:** Equitable Bank is a CDIC member and provides personal and commercial banking services to more than a quarter million Canadians

\*Subject to borrowers meeting their mortgage obligations.



Equitable Bank has lower interest rates than their competitors, which can make a huge difference as the years go on.

- DIANE P.

# EXAMPLE OF INTEREST ACCRUAL & HOME APPRECIATION OVER 10 YEARS



Female, 75  
Eligible for 45% LTV



Home Value: \$1,000,000  
Assumes 3% Annual Appreciation



Rate: 6.99%\*  
Takes 30% Flex Solution (\$300,000)  
Term: 5-year Fixed

	Year 0	Year 1	...	Year 10
Property Value	\$1,000,000	\$1,030,000	• • •	\$1,343,916
Reverse Mortgage	\$300,000	\$300,000	• • •	\$300,000
Interest	\$0	\$21,336	• • •	\$305,060
Home Equity	\$700,000	\$708,664	• • •	\$738,856

\*All interest rates are subject to borrowers meeting the Equitable Bank mortgage lending criteria and are subject to change without notice. Rates as at January 23<sup>th</sup>, 2024.



(Equitable Bank) is the best ever! They made getting a loan super easy-peasy. The people were so nice and told me everything I needed to know.

- SHEILA P.

## COMMON MISCONCEPTIONS

With a Reverse Mortgage, You No Longer Own  
Your Home - **FALSE.**

You always maintain title, ownership, and control of your home as long as you meet your mortgage obligations. You will also continue living in your home. The reverse mortgage lender has a first mortgage on the title. You are still responsible to keep your house in good condition and pay property taxes.





## COMMON MISCONCEPTIONS



### You Will Owe More Than The Value Of Your Home - **FALSE.**

Most reverse mortgages come with a “No Negative Equity Guarantee”. If the homeowner has met the required obligations, the amount you will have to pay on the due date will not exceed the fair market value of your home.

## COMMON MISCONCEPTIONS

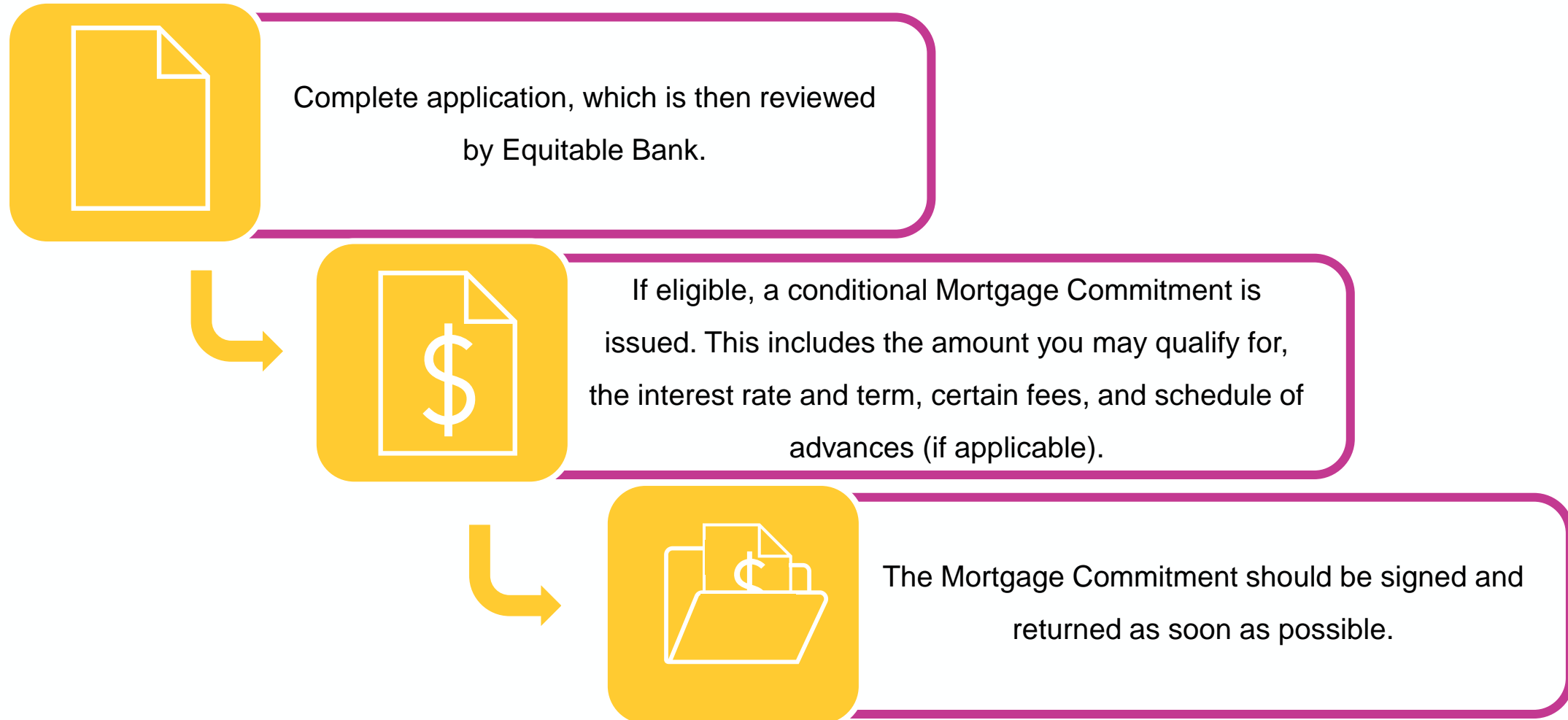
### You Can't Pass On Your Home - **FALSE.**

Another myth is that your heirs won't be able to inherit your home if you get a reverse mortgage. This is not the case as your heirs will always have the option of keeping the property by paying off your reverse mortgage after you pass away.



# THE EQUITABLE BANK PROCESS

## STEP 1 – APPLY AND RECEIVE CONDITIONAL APPROVAL



# THE EQUITABLE BANK PROCESS

## STEP 2 – VALUATION / APPRAISAL AND DOCUMENT SUBMISSION



A home valuation / appraisal is completed.



All requested documents outlined in the conditional Mortgage Commitment should be sent to Equitable Bank.



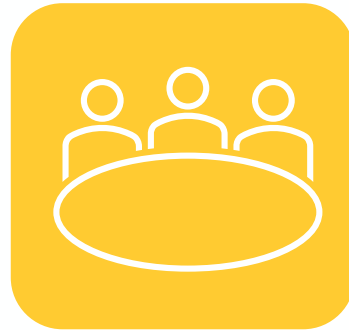
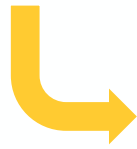
Confirm your preferred closing arrangement. Your advisor can help determine the best approach for you.

# THE EQUITABLE BANK PROCESS

## STEP 3 – MEET WITH YOUR LAWYER(S)



Depending on the closing arrangement you've selected, your closing lawyer or the closing service provider will manage the closing process.



You'll need to meet with a lawyer of your choosing for Independent Legal Advice (ILA). ILA ensures that all parties (titleholder and non-titleholder, if applicable) to the mortgage receive an explanation of the nature and effect of the documents from an impartial third-party lawyer.

# THE EQUITABLE BANK PROCESS

## STEP 4 – CLOSE YOUR MORTGAGE



The closing service or your closing lawyer will receive Equitable's closing documents to finalize the mortgage funding and confirm method to receive funds (i.e. direct deposit or cheque).



Before any net proceeds of the mortgage are dispersed on the closing date, the closing service or your closing lawyer will arrange to pay any outstanding mortgages and any other applicable debts, as outlined in your mortgage documents.



**THANK YOU**

[Add your contact information  
and photo here]



**Bank**



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Bank**