# **Unlock opportunities for your clients—and your business**

# **Equitable Bank Reverse Mortgage Solutions**

At Equitable Bank, we’re always looking for new ways to support you and your business. That’s why we created this web content resource to help you provide the most accurate reverse mortgage information to prospective clients.

The reverse mortgage content below has been designed for use on your own website—simply choose any section (or all of them) to ensure you’re sharing up-to-date reverse mortgage details.

**Some thoughts on website imagery**

We’d like to be able to provide relevant imagery for your own website use; however, licensing agreements prevent us from doing so.

Thankfully, plenty of resources exist for free or low-cost imagery. For example, you can do an image search via [Google Images](https://images.google.com/) and filter the usage rights for “Creative Commons licenses”, which are all free to use.



If you prefer to buy stock images, other websites, such as [iStock](https://www.istockphoto.com/) and [Getty Images](https://www.gettyimages.ca/), offer them for purchase.

**Some thoughts on website CTAs**

Calls to action (CTAs) are an effective way to drive visitors to different areas of your website, or to take a specific action like calling you, emailing you, or downloading a brochure.

As a broker, your contact information should be clear and easily found—include your name, phone number, and location. You can also add a separate contact page to your site with a built-in contact form to let customers get in touch with you.

If you’d like to offer website visitors the opportunity to learn more about Equitable Bank Reverse Mortgage solutions, you can [download resources such as consumer brochures and product sheets to add to your website.](https://www.equitablebank.ca/resources/marketing-library)

## **The reverse mortgage market today**

Canadians aged 55+ are living longer and want to stay in the homes they love, but they need the financial peace of mind to do it—which is why the reverse mortgage continues to gain popularity.

If you’re looking to improve cash flow, pay off an existing mortgage, clear balances on existing credit cards and loans, make home improvements, or gift a down payment to a loved one, a reverse mortgage might be the right solution for you. We can help!

## **What is a reverse mortgage?**

A reverse mortgage is a simple way to turn a portion of your hard-earned home equity into tax-free cash—with no ongoing payments required.

* Borrow up to 59% of your home’s value
* No monthly mortgage payments required
* Receive your tax-free funds as a lump sum or over time
* Retain ownership of the home you love

A reverse mortgage turns your home equity into cash that can be used any way you like.

## **Reasons to consider a reverse mortgage**

If you’d like to boost your retirement income, a reverse mortgage allows you to access up to 59% of your home’s equity in tax-free cash.

You can take your reverse mortgage cash as either a one-time lump sum payment, as monthly payouts, or as ad hoc advances when you need them.

Some of the more popular reasons for taking on a reverse mortgage include:

* Paying off existing debts like a traditional mortgage
* Gifting money to family
* Improving your quality of life
* Adding safety features to or renovating your home
* Buying an investment or vacation property
* Paying for health care or in-home care

Remember, you can also pay off your existing traditional mortgage to eliminate payments and increase cash flow—the options are endless!

## **Benefits of a reverse mortgage**

The benefits of a reverse mortgage don’t just stop at the ability to cash in on your home’s equity! In fact, these benefits also include:

* Title and ownership of property remain in homeowner’s name
* No monthly mortgage payments required
* Prepayment penalties waived in the event of death or care home placement

## **Reverse mortgage misconceptions**

**“With a reverse mortgage, you no longer own your home.”**

FALSE. You always maintain title, ownership, and control of your home, as long you continue to meet your mortgage obligations (i.e., paying property taxes and maintaining the home). The reverse mortgage lender simply has a first mortgage on the title, in the same way as a traditional mortgage.

**“You’ll owe more than the value of your home.”**

FALSE. It is federally mandated that all reverse mortgages come with a “no negative equity guarantee.” As long as you meet the required mortgage obligations, the amount you owe on the due date will not exceed the fair market value of your home.

**“Reverse mortgages are expensive.”**

FALSE. An appraisal of your property and independent legal advice is required for a reverse mortgage. Additional fees include a closing and administration fee. When compared to alternatives like downsizing or moving to another home, a reverse mortgage can be an affordable option.

**“Reverse mortgages have higher interest rates.”**

DEPENDS. While interest rates are typically higher than a traditional mortgage, it’s important to remember that for many retired Canadians, monthly mortgage payments are difficult to afford. Plus, many struggle to even qualify for a traditional mortgage. For these reasons, many retired Canadians choose a reverse mortgage over traditional solutions.

**“You can’t pass on your home.”**

FALSE. Your heirs will always have the option to keep the property by paying off your reverse mortgage after you pass away. In addition, with the “no negative equity guarantee,” your heirs will never owe more than the fair market value of the home, as long as all mortgage obligations were maintained.

## **Where to get a reverse mortgage in Canada**

There are two Canadian Schedule I banks that offer reverse mortgages. Both banks’ reverse mortgage products are similar in their design and function. Let us help you find the right solution today.

## **Are you eligible for a reverse mortgage?**

Thousands of Canadian homeowners are already enjoying the benefits of a reverse mortgage.

To be eligible, you must be:

* A homeowner
* Aged 55+
* Live in your home for at least 6 months of the year

If there are other individuals listed on your home’s title, they must be at least 55 years old.

Individual lenders will have other specific requirements—talk to us about the solutions available to you!

## **Reverse mortgage fees**

The fees associated with a reverse mortgage can vary depending on your lender. Typically, a lender will charge a one-time set-up fee (usually deducted from the initial advance).

Also, similar to a regular mortgage, there will be additional appraisal (paid to an external property appraiser) and legal fees for closing costs or independent legal advice.

## **Reverse mortgage due dates**

Your reverse mortgage due date is established when the earliest of any of these events occurs:

* Sale or transfer of the property
* The last borrower moves into a long-term care or retirement residence
* The last borrower passes away
* Default (such as not maintaining the home and property taxes)

## **Receiving the proceeds from your reverse mortgage**

Depending on your individual circumstances and the lender you choose, the following funding options are typically available:

* Initial advance / lump-sum
* Ad-hoc advances
* Recurring / scheduled advances (i.e., monthly, quarterly)

Unlike traditional mortgages, no regular payments are required until the reverse mortgage becomes due. However, provided that certain conditions are met, you typically have the option of prepaying some of your principal or interest.

Lenders in Canada offer reverse mortgages with distinct prepayment charges. Contact us to learn more!

## **Things to consider**

Before getting a reverse mortgage, here are some questions to consider asking us:

* How can I receive the funds from a reverse mortgage?
* What fees are involved?
* What interest rate will I have to pay on the money I borrow?
* Can I pay the loan early without incurring prepayment charges?
* If I were to sell my home, would I be subject to any penalties?
* If I were to move out of my principal residence, when would I have to pay off the loan balance?
* If I pass away, how much time will my estate have to pay off the loan balance?
* What happens if it takes my estate longer than the stated period to fully repay the loan?
* When it’s time to pay back the loan, what happens if the amount of the loan is higher than my home’s value?

Let us help you today!

## **Additional resources**

The following resources offer further reading on reverse mortgages:

[Downsizing vs reverse mortgage: Which option is right for you?](https://www.moneysense.ca/spend/real-estate/downsizing-vs-reverse-mortgage-which-option-is-right-for-you/)

[Myths and facts of reverse mortgages](https://www.moneysense.ca/spend/real-estate/myths-and-facts-of-reverse-mortgages/)

[Home equity options: When should you choose a reverse mortgage over a conventional mortgage or HELOC?](https://www.moneysense.ca/save/retirement/home-equity-options-when-should-you-choose-a-reverse-mortgage-over-a-conventional-mortgage-or-heloc/)

[“Which reverse mortgage is right for me?” (compares Equitable Bank and HomeEquity)](https://www.moneysense.ca/spend/real-estate/mortgages/which-reverse-mortgage-is-right-for-me/)

[Reverse mortgages (Financial Consumer Agency of Canada)](https://www.canada.ca/en/financial-consumer-agency/services/mortgages/reverse-mortgages.html)