

# The CHIP Reverse Mortgage Guide



There's no retirement like home

**Kurt Browning**  
HomeEquity Bank  
Ambassador

**CHIP**ReverseMortgage™   
by HomeEquity Bank

2021 Edition



## **STEVEN RANSON**

President & CEO

Your retirement is an opportunity to live some of life's richest moments, whether that means enjoying more time with those you love, taking a dream vacation or simply enjoying a quiet afternoon in the garden. And regardless of how you choose to spend it, we at HomeEquity Bank believe all Canadians deserve to experience retirement in comfort and financial security.

That's why, for more than 30 years, we've been helping tens of thousands of people like you access the value in their homes using the CHIP Reverse Mortgage and making their retirement dreams a reality.

Our homes hold precious memories of the lives we've built. They become even more important to us as we get older – it's why nearly every Canadian wants to age in their home. This brochure explains how you can do exactly that with the CHIP Reverse Mortgage. Please take a moment to read through it and talk to your mortgage professional to discuss how we can help you live your best retirement possible.



Congratulations!

As a Canadian homeowner you have made a sound investment in your real estate. Homeownership has provided you with options to finance your retirement and live life on your terms.

***Your interest in the CHIP Reverse Mortgage is the perfect start.***

In this guide we will share client testimonials, compare products and solutions and provide you with information to help you choose the best option for you.

**Talk to your mortgage professional to get a free estimate with no commitment.**

**Talk to your Mortgage Professional Today!**



# Why Consider A Reverse Mortgage?



93% of Canadians want to age in place, in the home they love. With CHIP, you **stay in the home you love and access the equity from your home** to live retirement your way.



Downsizing can be costly both financially and emotionally. With CHIP, **you maintain title and ownership** and enjoy your home in retirement.



Access to traditional lending becomes limited in retirement due to fixed income. With CHIP, **no monthly mortgage payments** are required.



With investments and other forms of income, there can be tax implications. **Proceeds from CHIP are tax-free.**



**HomeEquity Bank** is a federally regulated Canadian Bank offering the CHIP Reverse Mortgage since 1986.

# Reverse Mortgages Explained



**You always maintain title and ownership of your home.**



Not unlike a conventional mortgage, the CHIP Reverse Mortgage is a loan secured against the value of the home, but without any monthly mortgage payments required.



Only available to Canadians age 55 or older. It's a way to access equity without having to sell the home you love.



It allows homeowners to access up to 55%\* of the value of the home in tax-free cash, in a lump sum or in regular deposits.

## Your Responsibility

\*Some conditions apply

The home must be your primary residence. Simply pay your property taxes, home insurance, and keep your property well-maintained.

Talk to your mortgage professional **today!**

# Wide Variety of Solutions to Suit Your Specific Needs

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At HomeEquity Bank, we don't believe in cookie-cutter solutions. Your financial goals are unique to you – and you deserve a customized solution that reflects what you want to get out of life. That's why today we offer you more unique mortgage products than ever before.

"Thank you HomeEquity Bank for: No more sleepless nights worrying about how to make ends meet. No more worrying about if we have to sell our home. Choosing the CHIP Reverse Mortgage was the best decision we made. We finally can live the rest of our lives with financial peace of mind."



# Feel Right At Home With Your Options

CHIP Reverse Mortgage 

CHIP Max 

Income Advantage 

CHIP Open 

## PURPOSE




Our most popular product type, the **CHIP Reverse Mortgage** is ideal for homeowners 55+ who are looking for a **one-time lump sum**




Designed for homeowners aged 55-75, **CHIP Max** can provide clients in select locations a **loan amount higher** than that of a CHIP Reverse Mortgage




Created for homeowners looking to supplement their retirement income, **Income Advantage** provides **monthly advances** in addition to a one-time lump sum




Made for homeowners searching for a **short-term financial solution**, who are willing to pay a higher interest rate and closing fee in lieu of any prepayment penalties

## BEST USED FOR

-  Paying off stressful debt
-  Renovations which could increase your home value
-  A large expense (health, car or helping family)

-  Avoiding high-interest loans or an additional mortgage
-  Boosting your income
-  Loan consolidation


-  Boosting your day-to-day lifestyle
-  Increasing monthly cashflow
-  Protecting your investments

-  Bridge financing or as a short-term cashflow solution
-  Avoiding high prepayment penalties
-  Flexibility to convert to a longer-term solution

## ELIGIBILITY

 Canadian Homeowners

 Borrower(s) must be 55+

 The home must be your primary residence

Talk to your mortgage professional **today!**

# What Does Financial Freedom Afford You?

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**Take care of debts.**  
**Pursue a hobby.**  
**Live life stress-free.**

It can all be within reach.

HomeEquity Bank Reverse Mortgage solutions are about living your retirement, your way. You're free to use your money in any way you like. Here are only a few suggestions to get you inspired.



## Take care of your finances

- ✓ Pay off debts and other financial pressures
- ✓ Improve cash flow
- ✓ Preserve your investments



## Pursue your passions and interests

- ✓ Visit family and friends out of town
- ✓ Buy a vacation property
- ✓ Pick up a hobby like painting or classic car restoration
- ✓ Go back to school (many retired Canadians do!)





## Give loved ones a gift of a lifetime

- ✓ Provide family with an early inheritance
- ✓ Help your children buy their first home
- ✓ Assist a family member
- ✓ Help your child or grandchild with tuition fees



## Look after your health and wellness

- ✓ Join a gym and get active
- ✓ Pay for unexpected medical expenses
- ✓ Arrange for in-home care
- ✓ Renovate to improve your mobility at home



## Invest in your home

- ✓ Make repairs on your driveway, roof, HVAC system and more
- ✓ Refresh your home or garden
- ✓ Improve home decor and purchase a home entertainment system



## Supplement your income

- ✓ Maintain your current standard of living
- ✓ Enjoy social outings and host family and friends
- ✓ Maintain financial independence
- ✓ Keep up with the rising costs of living

Talk to your mortgage professional **today!**

# Your Home Equity

## Calculating Home Equity Over Time

CHIPReverseMortgage™ 

	Today	In 10 Years*
Estimated Home Value	\$600,000	\$806,350
Principal (Reverse Mortgage)	\$211,500	\$211,500
Interest	\$0	\$133,042
Remaining Home Equity	\$388,500	\$461,808

Rate

Annual Home Appreciation	3%
Interest rate	4.79%

After 10 Years you could have \$461,808 remaining in home equity.

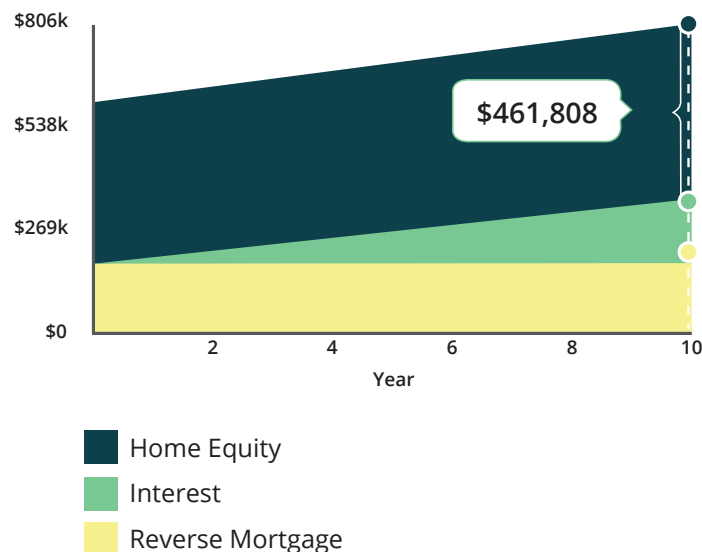



Illustration Purposes only

\*Calculations and charts are for illustration purposes only, these assumptions are not necessarily indicative of future market performance or interest rates. External factors are not accounted for in the calculations and may affect future projections and are based on certain assumptions. This information is not intended as specific financial, legal or tax advice for any individual and should not be relied on as such. HomeEquity Bank does not make any representations or warranties with respect to the illustrations.

With real estate prices in Canada continuing to rise, it's smart to consider your home's current value, and it's potential value in the future.

## Calculating Home Equity Over Time

IncomeAdvantage 	Today	In 10 Years*
Estimated Home Value	\$600,000	\$806,350
Principal (Reverse Mortgage)	\$25,000	\$211,500
Interest	\$0	\$69,700
Remaining Home Equity	\$575,000	\$525,150

	Rate
Annual Home Appreciation	3%
Initial Advance Interest Rate	4.79%
Monthly Planned Advance	\$1,600
Planned Advance Interest Rate	4.79%

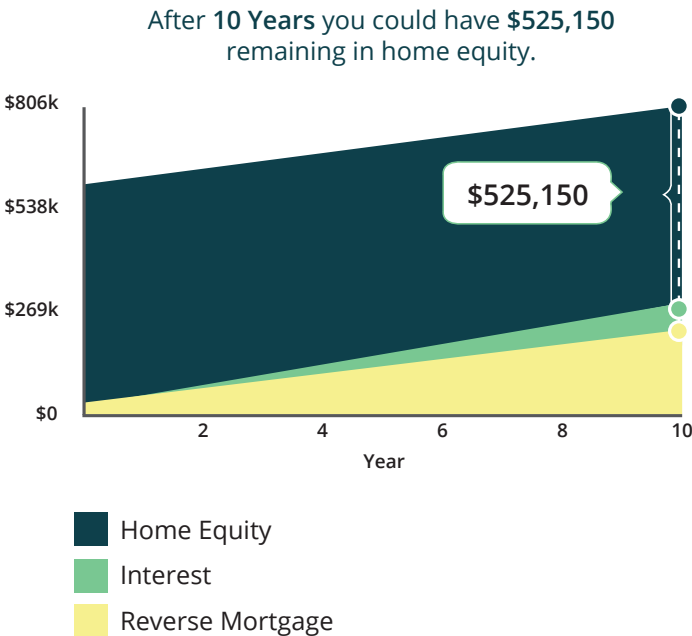


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# You're In Good Hands With HomeEquity Bank

HomeEquity Bank has taken a number of measures to help protect our clients.



Our Conservative Lending Standards – **up to 55%**





Independent Legal Advisor required for all clients



**No Negative Equity Guarantee\*** –  
Never owe more than your home is worth

\*Must maintain property, pay property taxes and homeowners' insurance, and abide by your mortgage obligations. The guarantee excludes administrative expenses and interest that has accumulated after the due date.



 **Trustpilot** 

Unbiased customer reviews and ratings accessible online **Rating of 4.6\*\***

\*\*As at September 2020



We were founded in Vancouver in 1986



We've helped over 60,000 Canadians retire on their terms



We are a Federally Regulated Canadian Bank



We are Canada's #1 provider of reverse mortgage products



# We Share Values With Our Partners

**We are endorsed by both CARP and The Royal Canadian Legion.**

"I've always espoused the benefits of aging in place. HomeEquity Bank offers a brilliant way of liberating a portion of the equity you've built up over the years without having to move and relocate. Traditionally, you had to sell your house."

**Moses Znaimer, CARP President**



"After surveying the market carefully, we can confidently recommend HomeEquity Bank. They're a trusted organization with an impressive track record offering the safety and security of a Schedule 1 Bank while understanding the unique needs of a mature homeowner. We are happy to join HomeEquity Bank to offer Legion members an option to help support their retirement and make life more comfortable."

**Thomas D. Irvine, Royal Canadian Legion Dominion President**



Talk to your mortgage professional **today!**

# Frequently Asked Questions

**You've got questions. We have answers.**

Don't see an answer you're looking for? Speak to your mortgage professional.

## Will I still own my home?



Absolutely! You will always maintain complete ownership and title of your home. We will never ask you to move or sell, provided you: pay your property taxes and home insurance, and keep your property well maintained.\*

## How are fees and interest rates calculated?



We offer both fixed and variable rate terms. The variable rate will fluctuate based on the HomeEquity Bank Prime Rate. Our fixed rates are set for a predetermined time period and are available for a 6-month, 1-year, 3-year or 5-year period. Like a conventional mortgage there are administrative fees and closing costs.

## Can I owe more than my house is worth?



Every reverse mortgage comes with a No Negative Equity Guarantee\*, which means the amount you will have to pay on the due date will not exceed the fair market value of your home as long as the conditions of the loan are met. In fact, 99% of clients have equity remaining in the home after the loan is repaid.

\*Must maintain property, pay property taxes and homeowners' insurance, and abide by your mortgage obligations. The guarantee excludes administrative expenses and interest that has accumulated after the due date.

Q

### What if I have an existing mortgage?



The existing mortgage will have to be paid with the reverse mortgage funds, the remaining proceeds can be used however you may choose.

Q

### Are surviving spouses stuck with repaying the loan if their partner passes away?



No, as long as the surviving spouse is on title, they can choose to remain in the home without having to make a repayment until they move or sell.

Q

### Is a home equity line of credit (HELOC) a better option?



You should always explore all options before making a decision. HELOCs are a good short-term borrowing option for those who can pay the interest and loan back in the near future. However, HELOCs are callable loans with monthly payments and risk non-renewal or cancellation.

Q

### Do I have to make any payments?



No, there are no monthly mortgage payments. You have the option of making regularly scheduled interest payments. The loan only becomes due once you move or sell the home.

Q

### Will my government benefits be affected?



No, CHIP will not affect any government benefits you may receive, such as Old Age Security (OAS), Canada Pension Plan (CPP), or Guaranteed Income Supplement (GIS).

Talk to your mortgage professional **today!**



## Maria W's Story

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“ I have lived in the same tight-knit community for 52 years. We take care of each other here. When I broke my arm, neighbours helped me with my cleaning and shopping.

All the local store people know me by name. An older couple on my street moved across town and said it was the biggest regret of their lives. I sure did not want to make that mistake myself. I can't imagine living anywhere else.

**CHIP is making it possible for me to stay in the home I love, with the neighbours that have become a second family to me. I am truly grateful. ”**

- Maria W



# Dave & Betty T's Story

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“ For almost 15 years, I worked double shifts to make sure that Betty and our three children had a home they can be proud of.

But year after year, we seemed to lose ground financially. It was very stressful. I did not believe there could possibly be a solution to our debt other than selling our home, which we definitely did not want to do. There are so many wonderful memories wrapped up in this place. Every nick, ding and scratch reminds us of our life together.

When we were approved for the CHIP Reverse Mortgage, it really felt like all of the anxiety left us immediately.

**We are appreciating our home in a totally new way.**

**Even our kids want to thank CHIP. ”**

- Dave & Betty







Talk to your mortgage professional **today!**

# How Does CHIP Reverse Mortgage Compare?

The more you know about our reverse mortgage products, the more confident your decision.

Here is a comparison between CHIP Reverse Mortgage and three alternative financial options.

				
	<b>CHIP REVERSE MORTGAGE</b>	<b>HOME EQUITY LINE OF CREDIT</b>	<b>PRIVATE LOAN</b>	<b>CREDIT CARD</b>
Type of Lending Product	<ul style="list-style-type: none"><li>✓ A lifetime loan secured against the equity in a home</li></ul>	<ul style="list-style-type: none"><li>✓ A demand loan secured on the property</li></ul>	<ul style="list-style-type: none"><li>✓ An unsecured loan</li></ul>	<ul style="list-style-type: none"><li>✓ An unsecured line of credit</li></ul>
Best Suited For	<ul style="list-style-type: none"><li>✓ Homeowners 55+ that want to access the equity in their home but don't want to sell their property</li></ul>	<ul style="list-style-type: none"><li>✓ Homeowners with income that need to borrow a large sum or want access to cash over time</li></ul>	<ul style="list-style-type: none"><li>✓ Any individual with income that has a short-term need to borrow a smaller sum of funds</li></ul>	<ul style="list-style-type: none"><li>✓ Any individual with income that has a need for accessible credit to supplement everyday expenses</li></ul>



## CHIP REVERSE MORTGAGE

### Repayment Terms

- ✓ No monthly payments are required
- ✓ Homeowner has the option to make partial and interest payments

### Access to Funds

- ✓ Up to 55% of the value of the home
- ✓ Funds are tax-free and available as a lump sum and/or regular deposits
- ✓ No renewal fees as the loan isn't due until the homeowner decides to move or sell

### Loan Guarantee

- ✓ No Negative Equity Guarantee as standard\*
- ✓ No risk of the loan being called provided property requirements are met\*
- ✓ Homeowner maintains title and ownership



## HOME EQUITY LINE OF CREDIT

- ✓ Monthly minimum interest payments required

- ✓ Up to 65% of the value of the home
- ✓ The line is open provided conditions are met

- ✓ Loan may be called or not renewed depending on changes to income, home value, credit score or late payments
- ✓ Homeowner maintains title and ownership



## PRIVATE LOAN

- ✓ Fixed minimum payments required monthly to both the principal and interest

- ✓ Borrower must take the total available funds up front
- ✓ Loan amount subject to qualification criteria
- ✓ Renewal not guaranteed

- ✓ Loan may be called depending on changes to income, credit score, or late payments



## CREDIT CARD

- ✓ Monthly minimum interest payments required

- ✓ Cash advances are charged at a higher interest rate than purchases
- ✓ Credit limit subject to qualification criteria
- ✓ Renewal not guaranteed

- ✓ Credit may be called or reduced depending on changes to income, credit score, or late payments

\* As long as the client meets their mortgage obligations, HomeEquity Bank guarantees that the amount they will have to pay on their due date will not exceed the fair market value of their home. If their home depreciates in value and the mortgage amount due is more than the gross proceeds from the sale of the property, HomeEquity Bank covers the difference between the sale price and the loan amount. The guarantee excludes administrative expenses and interest that has accumulated after the due date.

Talk to your mortgage professional **today!**

# Take These Steps To Retiring On Your Terms

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Here are the most common steps to securing a HomeEquity Bank Reverse Mortgage.

01



02



03

## Contact Your Mortgage Professional

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Your mortgage professional will be happy to speak to you about your specific needs.

## Talk To Your Family

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We encourage you to discuss your interest in the CHIP Reverse Mortgage with your family. You are welcome to invite them to speak to your mortgage professional directly as well.

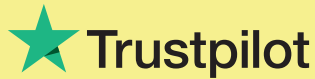
## Get A Home Appraisal

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Once you decide to proceed, your mortgage professional will work with us to help arrange for an appraisal of your home.



"Since I completed my application, my life has changed for the better in every way, even my health, but most of all my feeling of security. For that I am most grateful."



04



05



06

### Fill Out An Application

Upon completion of an appraisal, you will complete a simple form, and we'll answer any questions you may have.

### Speak To A Lawyer

Before everything is finalized, we require you to review the information with an independent lawyer of your choice.

### Get Your Money & Enjoy Your Life

Remember, the money you receive will be totally tax-free. You'll agree with tens of thousands of Canadians – there really is no retirement like home!

Talk to your mortgage professional **today!**



"I believe in the CHIP Reverse Mortgage as a sound, secure financial tool to help Canadians stay in the home they love.

I trust HomeEquity Bank and encourage Canadians to contact their mortgage professional and ask questions – it has provided financial security for so many."

**Kurt Browning,**  
CHIP Reverse Mortgage  
Ambassador





“Right from the start, we had excellent service. We would recommend the CHIP Reverse Mortgage to anyone in a similar circumstance as us.”



Talk to your mortgage professional **today!**

# Retire In The Home You Love, On Your Own Terms



We promise to always:

- ✓ Listen carefully
- ✓ Speak clearly and offer useful information
- ✓ Respect you and your privacy
- ✓ Never apply pressure

Talk to your mortgage professional to find out how much money you could receive with a no obligation,  
**FREE estimate.**