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# Frequently asked questions

## Reverse mortgages

[equitablebank.ca/reversemortgage](https://equitablebank.ca/reversemortgage)

1



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Mortgage broker contact information added for client convenience. Lender material remains Equitable Bank content.



# General reverse mortgage questions

## How do I qualify for a reverse mortgage?

Qualifying for a reverse mortgage with Equitable Bank is largely based on property type, location, and borrower's age. We lend to borrowers aged 55+ with homes in urban centres in Alberta, British Columbia, Ontario, and Quebec.

## How much equity can I access?

The amount Equitable Bank will lend depends on multiple factors: the borrower's age, the home's appraised value, and location. Borrowers can now access up to 59% of their home's value. Our [eligibility calculator](#) helps calculate how much you might be eligible for.

## Can I get a reverse mortgage with bad credit?

You can. While it's encouraged to have a sound financial history, life happens and unforeseen circumstances arise. We get it—that's why we have options for everyone.

## With a reverse mortgage, who owns the house?

You do. You will not transfer ownership of your property to the bank when receiving a reverse mortgage.

A reverse mortgage is registered against your home in the same way most regular mortgages or home equity lines of credit are.

## Could I owe more than my house is worth with a reverse mortgage?

When it comes time to pay off your reverse mortgage, our No Negative Equity Guarantee ensures the amount you owe will not exceed the value of your home, as long as you meet your mortgage obligations (such as maintaining your property, and paying taxes and insurance).

In other words, we guarantee you'll never owe more than your home is worth.

## What options do I have for receiving my reverse mortgage funds?

You can take the mortgage proceeds up front as a one-time advance (an Initial Advance). Alternatively, you can take a large sum up front (minimum amount of \$25,000) and the remaining funds as Single Advances and/or Recurring Advances scheduled over several years.

## Who is responsible for paying property taxes for a reverse mortgage?

You must pay property taxes directly to the municipality.

BC residents can register for the British Columbia Tax Deferment Program once their reverse mortgage has funded.



## **What is a reverse mortgage holdback, and when is it done?**

At the time of application or during the life of the reverse mortgage, we may require a holdback to cover home repairs if deficiencies could affect liveability or have the potential to materially affect the home's future value. We may also require a holdback if there are tax or condominium arrears.

## **Can a Power of Attorney (POA) apply for a reverse mortgage on my behalf?**

A POA for property may be used when applying for a reverse mortgage. Your attorney must have the ability to deal with real property. The POA will not be permitted to apply on your behalf simply because you are out of the country.

## **Can I receive counseling about reverse mortgage loans from Equitable Bank?**

Yes, we're here to help. Our Equitable Bank reverse mortgage specialists are here to make sure you understand your reverse mortgage. The reverse mortgage specialist can also provide additional information to your lawyer if needed.

## **How can I use the funds from a reverse mortgage?**

You can use the funds to pay off your regular mortgage, cover daily expenses, make home renovations, pay for medical bills, in-home care, trips, or to help a relative with a down payment of a home of their own. It's completely up to you.

## **Can Equitable Bank sell or foreclose on my home?**

If you continue to meet your mortgage obligations, you should have no concerns about losing your home to the bank.

## **What if I already have a mortgage on my property?**

If you have a mortgage, it must be paid off so that the reverse mortgage can be registered in first priority. You can use the proceeds from the initial reverse mortgage advance to pay off your existing mortgage, any outstanding debt, or a lien registered against your home.

## **Who gets the profit if my home appreciates?**

You do. You must repay the value of the mortgage principal, interest, and any fees. If your home increases in value, the gains are yours to keep.

## **Which provinces does Equitable Bank service with reverse mortgages?**

A reverse mortgage with Equitable Bank is available in Alberta, British Columbia, Ontario, and Quebec.

## **Do you offer reverse mortgages on mobile homes, condos, and apartments?**

At Equitable Bank, we offer reverse mortgages on detached, semi-detached, townhomes, and condos.



## Can I get out of my reverse mortgage?

Yes, you can. We recognize needs change and our product is designed for that. That's why we offer flexible options to repay a portion of principal and interest. If you choose to repay the entire balance, there may be a [prepayment charge](#).

## Can I make prepayments?

You can. Although no regular payments are required until the reverse mortgage becomes due, you have the benefit of prepayment privileges. This allows you to prepay your principal or interest without being subject to a prepayment charge (which can be calculated here). Of course, certain conditions must be met.

## When can I make a prepayment without charge?<sup>1</sup>

**Interest payment:** Prepay any of your interest outstanding once per calendar month.

**Principal payment:** Prepay up to 10% of your principal once per 12-month period (starting from your initial advance).

**After 5 years:** Prepay in excess of 10% of your principal or the entire outstanding balance within 30 days of an interest rate reset date.

**After 10 years:** Prepay in excess of 10% of your principal or the entire outstanding balance at any time.

**Note:** Any payments received will be applied first to fees and charges, then to interest before being applied to principal. If you exceed your prepayment privilege, you will be subject to a prepayment charge and applicable fees.

<sup>1</sup>Subject to certain conditions.

## How much equity do I need for a reverse mortgage?

The value of the reverse mortgage must be equal to or greater than the value of any loan secured against the property.

For example, a borrower who qualifies for 40% on a \$500,000 home could access \$200,000, provided anything on title secured by the home is less than \$200,000.



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# Reverse mortgage rates, fees, and regulations

## Is there an age requirement to qualify for a reverse mortgage?

Yes, all borrowers on title must be at least 55 years old to qualify for a reverse mortgage with Equitable Bank.

## What fees do I have to pay with a reverse mortgage from Equitable Bank?

Equitable Bank charges a one-time set-up fee of \$995. Much like a regular mortgage, there are [additional appraisal and Independent Legal Advice fees](#), as well as closing fees, that come with a reverse mortgage.

## How can I reduce my reverse mortgage interest rate?

To reduce interest accumulation, you can limit the amount of your initial advance and take out additional funds only as needed. There's also the option of paying down interest monthly, without a prepayment charge.

## Are reverse mortgage rates higher than standard mortgages?

Because no payments are required until the mortgage is due, reverse mortgage rates tend to be higher than standard mortgages. We offer a range of fixed and adjustable interest rates so you can choose the interest rate that works best for you.

## Is there a setup fee for a reverse mortgage?

There is a setup fee of \$995.00, which will be deducted from the initial advance.



# Reverse mortgage planning

## When is the mortgage due?<sup>1</sup>

Since the Equitable Bank Reverse Mortgage is meant for long-term lending with no quantified term, the due date of the mortgage is established on the occurrence of the earliest of any of these events:

- Sale or transfer of the property
- Default
- When the last borrower moves into a long-term care or retirement residence
- When the last borrower passes away

<sup>1</sup>Subject to certain conditions.

## What do I have to pay on the mortgage due date?

- Principal and accrued interest
- Default expenses, if any
- Fees and costs
- Prepayment charge, if any

## What happens if I outlive my reverse mortgage with Equitable Bank?

Technically, you can't "outlive" a reverse mortgage.

As long as you meet your mortgage obligations, like paying property taxes and home insurance, the amount you owe on the due date will never be more than the fair market value.

## What if my spouse dies after I get a reverse mortgage?

If both spouses are registered as joint tenants, the surviving spouse can continue to be a borrower and is entitled to all the benefits a reverse mortgage has to offer.



## What is the minimum property value required for a reverse mortgage from Equitable Bank?

The appraised value of your home must be at least \$250,000.

## How much equity will I have left?

At any time, the remaining equity on your home will depend on the difference between the home's current value and the amount owing on the reverse mortgage.

Try our [reverse mortgage calculator](#) to test different future scenarios based on the mortgage term, interest rate, and expected home value increase.

6



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## Is there a chance I could owe more than fair market value of my home?

No, provided you have met your mortgage obligations, we guarantee the amount you owe to Equitable Bank on the due date will not exceed the fair market value.

## What is the fair market value based on?

Fair market value is the amount that would be paid on the open market, on the applicable date, to buy the property, assuming there are no legal claims against the property. This value would be established by a certified home appraiser.

## Where can I get an Equitable Bank Reverse Mortgage?

At Equitable Bank, we have a dedicated team of reverse mortgage experts ready and waiting to answer any questions you may have—with zero obligation to apply.

Or contact a mortgage broker, who can help you find the best solution for you.

## Contact your mortgage professional today to learn more

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**Unlock financial peace of mind with a reverse mortgage.**

