



Best Practices For a Clean Deal

Understanding the Process



Is a Reverse Mortgage right for my Client(s)?

How can I identify if a client would benefit from a Reverse Mortgage from HomeEquity Bank?



Retiring with debt and looking to consolidate and avoid payments



Looking to help children or grandchildren to purchase a home



Want to travel more or need monthly cash flow for bills and expenses



Purchasing a primary residence or wanting to buy a secondary home or vacation property



Investment Portfolio has not performed as well as planned



Don't want to move or downsize



Ability to pay for unplanned expenses such as home care or home repairs



Need to create retirement income

Key Benefits of the Reverse Mortgage:

01

Regular mortgage payments are not required until they no longer live in the home

02

Your clients continue to own their home

03

Ability to turn up to 55% of their home value into cash

04

Proceeds are tax-free

05

No Negative Equity Guarantee*

06

Flexible withdrawal options



*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.



MINIMUM REQUIREMENTS

- ✓ Both client(s) must be 55 years or older - even if they do not appear on the title; there is no age cap
- ✓ Canadian homeowner. Excludes First Nations leased land
- ✓ Appraised home value of \$200,000 or greater
- ✓ Property types include detached, semi-detached, townhomes, condos

- ✓ Confirm owners on title and occupants of the property
- ✓ Title must be held as joint tenants
- ✓ Non-spousal title holders may affect the approval amount
- ✓ Applications can only be taken with individuals who have the authority to make financial transactions on a property, i.e. the client(s) or a legal POA

TITLE

CLIENT OBLIGATIONS

- ✓ Client's property taxes must be paid to date or deferred if available
- ✓ Confirmation of adequate replacement insurance
- ✓ For all strata properties, confirmation of strata insurance must be provided
- ✓ Property must be primary residence and lived in for at least 6 months out of a year

- ✓ All debts secured against title must be paid from proceeds
- ✓ Private second mortgages can be provided as long as the LTV does not exceed 65%. An additional \$1,000 will be added to the closing costs for these files
- ✓ CRA debts, Consumer Proposals and tax arrears must be paid from proceeds
- ✓ Unsecured debts may be conditioned to be paid from proceeds depending on debt servicing

ENCUMBRANCES

Client Qualifications



- ✓ If beacon score is <630, proof of income must be provided
- ✓ Reported derogatory credit and/or high unsecured debt balances may require payout and closure before the proceeds can be release to the client
- ✓ Credit bureau must be pulled less than 60 days when submitting to HomeEquity Bank

CREDIT BUREAU

INCOME QUALIFICATION

- ✓ Supporting documents may be required, you will be advised by our team at the time you receive the estimate letter of what additional items are required
- ✓ Client(s) will need to demonstrate the ability to pay property taxes, fire insurance and condo fees (if applicable).
- ✓ If the client's income cannot support their obligations, an amount may be held back and released to the client twice per year, called a "property set-aside" (PSA). The final PSA amount will be confirmed upon receipt and validation of income, debt, insurance premiums, and property tax documents. An additional \$500 will be added to the closing costs for these files.





Getting the Quote



ONLINE CALCULATOR

To get a tailored view of how much your clients can get, use our online calculator at [CHIPAdvisor.ca/calculator](https://www.chipadvisor.ca/calculator)



CLIENT AGE

The age of your client(s) matter; the older the client is the higher LTV they qualify for

CHIP vs. CHIP Max

01 Select CHIP Reverse Mortgage on our online calculator

02 Min. requirements must be met (age 55+, min home value \$200,000)

03 If the postal code is in an urban centre in AB, BC, ON or QC, two quotes will be displayed. The lower number is the CHIP amount (\$218,500), the higher number is the CHIP Max amount (\$258,500)

Estimated Quote: \$218,500.00 - \$258,500.00

Your client qualifies for our CHIP Max product, please contact your Business Development Manager for more information. To locate your Business Development manager, please go to: www.chipadvisor.ca/bdm.



INTEREST RATES

- Terms: Variable, 6 month, 1, 3 and 5 year interest rate periods
- All interest rate periods are considered closed for the first 5 years
- Client can change to a different term at reset (no pre-payment charges within 30 days of reset after 5 years)
- Rate hold for 60 days once the appraisal has been received
- Optional interest payments
- Optional interest and principal payments



CLOSING COSTS + FEES

- Appraisal cost – paid by client
- Closing costs – paid from proceeds
- Independent Legal Advice (ILA) – can be paid from proceeds (including any other legal work required by client's lawyer which may involve additional costs e.g. title issues)
- HomeEquity Bank does not permit additional broker fees when there is not a second mortgage arranged.



Receiving the Reverse Mortgage Proceeds

With HomeEquity Bank, there are 4 ways your clients can choose to receive their funds.

- 1 All at once:**
Lump Sum with all funds taken at once
 - 2 In stages:**
Initial Lump Sum with Subsequent Advances
(minimum \$5,000 per advance, requested as needed by the client)
 - 3 At regular intervals over a set period of time:**
Initial Lump Sum with Planned Advances (monthly, or quarterly);
minimum of \$1,000 per advance
 - 4 Receive a combination of the above:**
Lump Sum, Planned Advances and Subsequent Advances
- INITIAL LUMP SUM**
Clients must take a minimum initial lump sum of \$25,000 for CHIP, CHIP Max and CHIP Open and \$20,000 for Income Advantage

For more information, please contact me.