



WEALTH PARTNER GUIDE

Unlocking Opportunities: The Referral Partner's Guide to the CHIP Reverse Mortgage



Wealth

by HomeEquity Bank™



A MESSAGE FROM HOMEEQUITY BANK LEADERSHIP

KATIE DUDTSCHAK
President & CEO

As we age, we have the capacity to experience some of life's richest moments, from spending quality time with family and friends to providing our children or grandchildren with a living legacy. As I speak to CHIP clients, I'm amazed at how Canadians 55+ are redefining what it means to age. They are living independently, pursuing passions, and achieving goals that bring meaning to their lives.

At HomeEquity Bank, we believe everyone deserves the freedom to do what they love for as long as they can, with dignity. Financial stability, security, and independence form the foundation of our mission, empowering you to live life on your terms as you age. That's why I'm proud to offer tailored financial solutions that allow Canadians to continue living in the homes they cherish and pursue their sense of purpose.

For more than 38 years HomeEquity Bank has been a trailblazer as the only financial institution exclusively serving Canadians 55 and better with the CHIP Reverse Mortgage solution. We have pioneered the reverse-mortgage category in Canada and have maintained a leadership position in this industry and are trusted because of our nearly four decades of experience.

This brochure explains how you can help your clients achieve financial freedom with HomeEquity Bank's reverse mortgage solutions. You'll find a variety of options designed to help clients access the savings they have built in their home. Please take a moment to read through it and contact our wealth team to discuss how we can help your clients to live with the dignity, empowerment, and independence they deserve.

A stylized, handwritten signature in white ink, likely belonging to Katie Dudtschak.



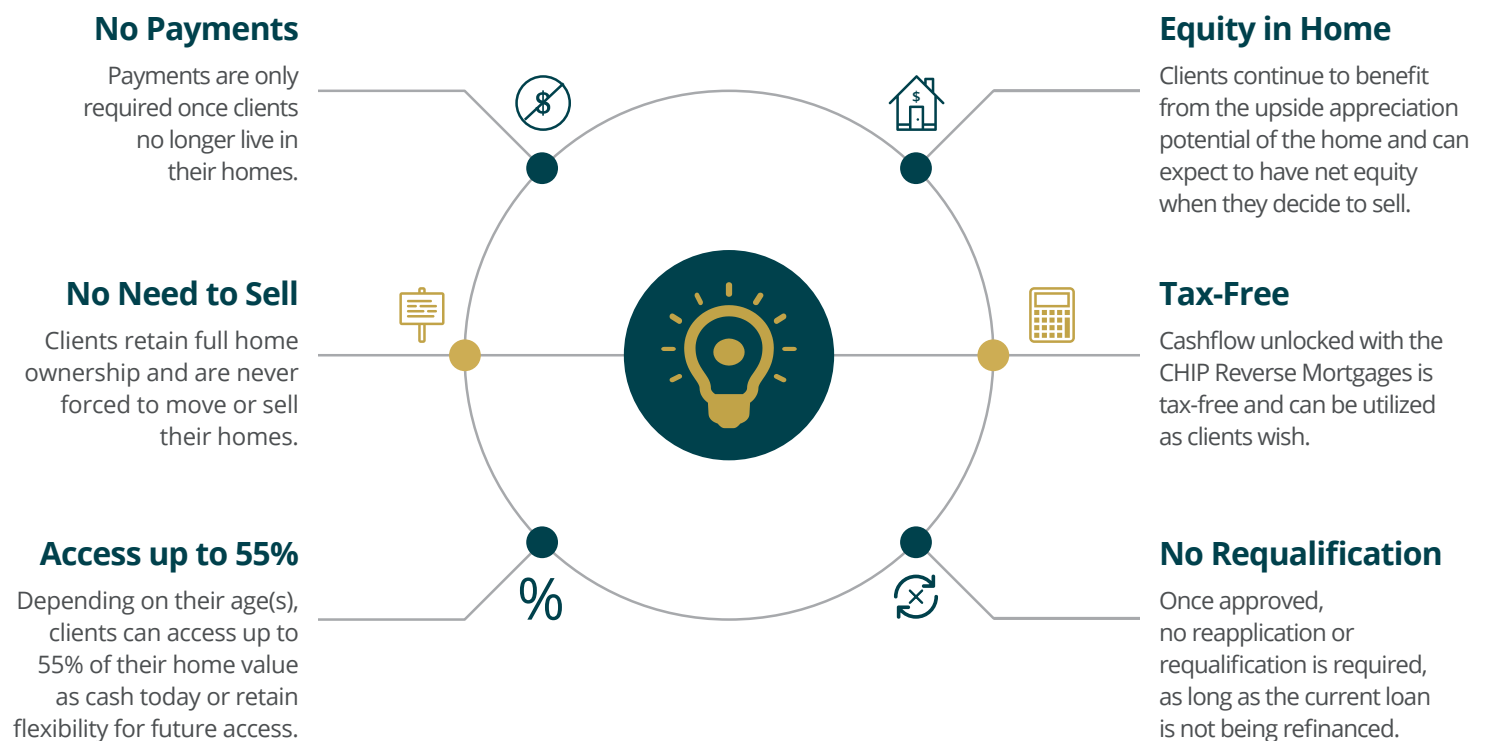
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WHAT IS THE CHIP REVERSE MORTGAGE?

The CHIP Reverse Mortgage is a loan secured against the value of the home. Unlike a conventional loan or a mortgage, with the CHIP Reverse Mortgage, clients are not required to make regular monthly payments. The loan is repaid only when the homeowners no longer live in the home. It is designed exclusively for Canadian homeowners aged 55 and better, providing them with the peace of mind that they can stay in their homes without financial stress.

The homeowner is required to keep the property in good condition and up to date with property taxes and property insurance. From a financial planning perspective, note that the money received from the CHIP Reverse Mortgage is tax-free and can be used however the homeowner wishes, with no impact on government pensions.

CHIP REVERSE MORTGAGE FEATURES AND BENEFITS



HOMEEQUITY BANK PRODUCT COMPARISON

CHIP Reverse Mortgage

CHIP Max

CHIP Open

Income Advantage

HomeBridge

PURPOSE

Ideal for homeowners 55+ seeking a one-time lump sum.

Offers higher loan amounts¹ for homeowners aged 55-75 in select locations

A short-term solution with no prepayment charges, but higher rates and fees.

Monthly advances to supplement retirement income, with flexible payout options.

Tech-friendly, full-service solution geared for gift giving and early inheritances.

BEST USED FOR

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

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

- ✓ Bridge financing or as a short-term cashflow solution
- ✓ Avoiding high prepayment charges
- ✓ Flexibility to convert to a longer-term solution at a cost

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

- ✓ Establishing a living legacy
- ✓ Helping children buy their first home
- ✓ Helping family with a large expense (e.g. wedding, education)

LOAN AMOUNT

Up to 55%² of the value in the home

TERM

- 6-month fixed
- 1-year fixed
- 3-year fixed
- 5-year fixed
- 5-year variable

- 6-month fixed
- 1-year fixed
- 3-year fixed
- 5-year fixed
- 5-year variable

- Variable rate – with no repayment charges

Planned Advance Account

- Variable

Lump sum:

- Variable
- 1-year fixed
- 3-year fixed
- 5-year fixed

- 6-month fixed
- 1-year fixed
- 3-year fixed
- 5-year fixed
- 5-year variable

ELIGIBILITY

 Canadian homeowners

 55+

Borrower(s) must be 55+



The home must be the primary residence

¹ Higher interest rate for CHIP Max.











² Some conditions apply. Refer to our reverse mortgage calculator at chipadvisor.ca/financial-illustration-calculator/ to determine how much your client qualifies for.

HOW TO DECIDE IF A REVERSE MORTGAGE IS RIGHT FOR YOUR CLIENTS

There are many factors to consider before making any large financial decision. The following decision matrix can help you and your clients decide if a CHIP Reverse Mortgage is right for them. More information on each of these options is available on the following page.



10 SIGNS YOUR CLIENT MIGHT BE A POTENTIAL CHIP CANDIDATE

 <p>PAYMENT STRUGGLES</p> <p>High interest rates cause difficulties keeping up with monthly mortgage/line of credit payments</p>	 <p>AGING IN PLACE</p> <p>Desire to stay in their homes, challenges in downsizing, need funds for rightsizing or home renovations</p>	 <p>FINANCIAL STRAIN</p> <p>Financial planning shortfall, need to increase monthly cashflow, or help children financially</p>	 <p>ASSISTED LIVING FOR ONE SPOUSE</p> <p>In need of homecare or assisted living for one spouse and thinking they must sell their home</p>	 <p>SALE OF INVESTMENTS</p> <p>Ad-hoc sale of registered or non-registered investments (taxable)</p>
 <p>LIVING INHERITANCE</p> <p>Helping kids or grandkids pay for higher education or a down payment</p>	 <p>REAL ESTATE INVESTMENT</p> <p>Purchase of real estate for investment, leisure, or delaying sale of existing property</p>	 <p>DEATH OF SPOUSE</p> <p>Surviving spouse will have reduced income and may not qualify for current debts on their own</p>	 <p>DECLINED</p> <p>Being declined a loan due to low credit score, insufficient income or back taxes owing</p>	 <p>GREY DIVORCE</p> <p>One spouse buying the marital home from the other and equalization payment</p>

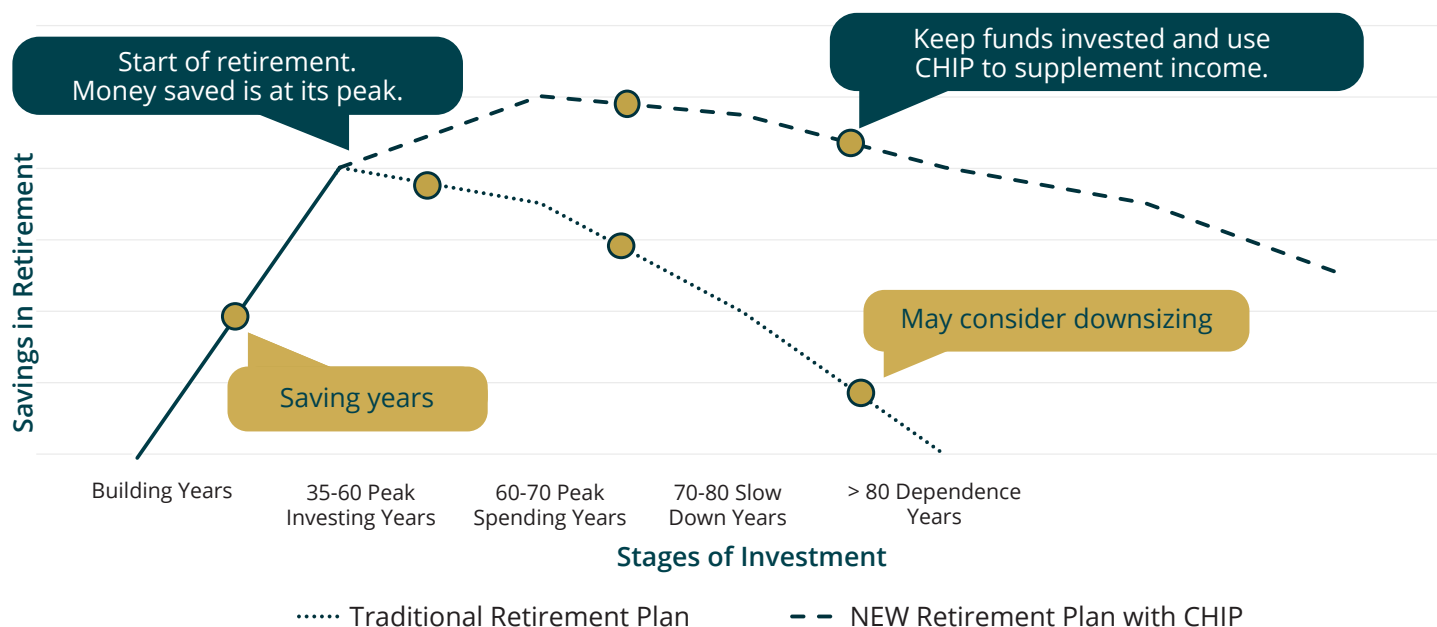
HOME EQUITY RELEASE COMPARATIVE ANALYSIS

Many solutions are available to help homeowners meet their retirement income needs by leveraging the equity they've built in their homes.

However, finding the right solution is essential. Here, we explore three options – the CHIP Reverse Mortgage, a home equity line of credit (HELOC), and downsizing – each offering distinct advantages.

	 CHIP Reverse Mortgage 	 HELOC	 DOWNSIZING
Key Summary	Stay in the home, age in place and skip the need to make payments.	Stay in the home, access high borrowing power, competitive interest rates and complete flexibility to pay off HELOC at anytime.	Access the equity built in the current home, tax-free, to transition to the next place of residence, suited to the next stage of life.
Stay or Sell?	✓ Stay	✓ Stay	✗ Move to new home
Borrowing Power	Up to 55% of equity in home	Up to 80% of equity in home	TBD – Difference between selling and buying
Income Requirements	No	Yes	TBD
<u>Interest Rates</u>	<ul style="list-style-type: none"> • 6-month fixed • 1-year fixed • 3-year fixed • 5-year fixed • 5-year variable 	Variable rate	N/A
Ongoing Obligations	<ul style="list-style-type: none"> • Maintain and upkeep the home • Property taxes, home insurance 	<ul style="list-style-type: none"> • Maintain and upkeep the home • Service ongoing debt payments 	<ul style="list-style-type: none"> • Dependent upon new residence (ex. pay rent, cover condo fees)
Often Overlooked Factors	<ul style="list-style-type: none"> • When the reverse mortgage is paid off, including interest owed, it is paid with pre-tax dollars • Continue to benefit from home appreciation 	<ul style="list-style-type: none"> • Continue to benefit from home appreciation 	<ul style="list-style-type: none"> • Costs expand beyond selling (ex. moving fees) • Emotional turmoil (ex. leaving neighbourhood) • Potential new challenges to navigate (ex. having a landlord)
Best For?	<ul style="list-style-type: none"> • Those that want to stay and age in place, but cashflow is an issue 	<ul style="list-style-type: none"> • Those that want to stay and age in place, but cashflow is not an issue 	<ul style="list-style-type: none"> • Those that are not concerned about aging in place, and are receptive to moving and changing situation

HOW CAN A CHIP REVERSE MORTGAGE HELP YOUR CLIENTS?



The graph above compares the stages of investment to the total savings a person would have in retirement. Let's examine two options: a Traditional Retirement Plan and a New Retirement Plan with CHIP.

Traditional Retirement Plan

Ages 35 to 60: Individuals tend to build most of their wealth through savings, investments, and purchasing a home. These saving years peak at approximately 60 years old when they retire. With the removal of income from employment, the savings will start to deplete.

Ages 60 to 70: Peak spending years for aspirational post-retirement plans, such as home renovations and getaways.

Ages 70 to 80: Spending eases up as individuals travel less and enjoy life close to home. They may consider downsizing as their savings begin to deplete.

After the age of 80: A degree of assistance is typically required to maintain a household, such as maintenance, cleaning, and accessibility. They may need additional cashflow to sustain healthcare needs as they age in place.

New Retirement Plan with CHIP

Given that the CHIP Reverse Mortgage is tailored for Canadians aged 55+, the total savings in retirement before this age remain the same in both scenarios. However, once a client acquires a CHIP Reverse Mortgage at age 60, the financial outlook changes significantly.

Instead of having savings peak at retirement, clients can leverage their home equity to access tax-free cash. This allows them to continue building wealth during retirement while maintaining their desired spending during peak years from ages 60 to 70. As a result, the total savings in retirement may remain significantly higher than without CHIP.

Those with a reverse mortgage could keep their funds invested in existing investment portfolios to supplement their income. This approach provides more flexibility and stability throughout retirement.

WORK WITH US AND GET PERSONALIZED SUPPORT

Referring a client to HomeEquity Bank is simple, and we take care of the details working in partnership with the wealth advisor.

When you choose to refer a client to HomeEquity Bank, *you* remain their advisor of record for tracking and servicing requirements during the lifetime of the CHIP. Our network of Business Development Managers (BDMs) provides personalized support during the application process to make it simple for you and your clients. Here is how we aim to make your job easier.



UNDERSTANDING THE PROCESS

You've seen some ways a CHIP Reverse Mortgage can help your clients succeed in retirement. Now, it's time to get started. Here are some things that you and your clients can expect to happen.

- 1 Reach out to your Wealth Business Development Manager (BDM). If you don't have one, use our **handy tool** to find your closest BDM.
- 2 Your client will need a home appraisal (approximately \$350-\$600 for most properties). Before doing so, you need to start preparing your client's documentation to help the application process go smoothly.

Client Document Checklist

Client Identification (ID) Requirements

- 3 A HomeEquity Bank Mortgage Specialist will confirm with your client how much they have qualified for their CHIP Reverse Mortgage.
- 4 Once the total CHIP approved amount is confirmed, the mortgage specialist will discuss with your client what amount they would like to initially draw. Your client will choose the interest rate option they prefer (6 months, 1 year, 3 years, 5 years, or variable). Clients will receive a disclosure package shortly afterward to confirm the accuracy and allow for adjustments.
- 5 Your client should select a lawyer to obtain independent legal advice (ILA) to review the final contract.
- 6 The contract is reviewed and signed with the help of the client's ILA lawyer.
- 7 Once all documents are returned to HomeEquity Bank, funds are deposited to the client's Canadian bank account.



I wasn't sure what to expect when I began the process with HomeEquity Bank, however, (my BDM) was very knowledgeable, patient as well as prompt with their replies. **They made the experience smooth and removed the stress factor."**

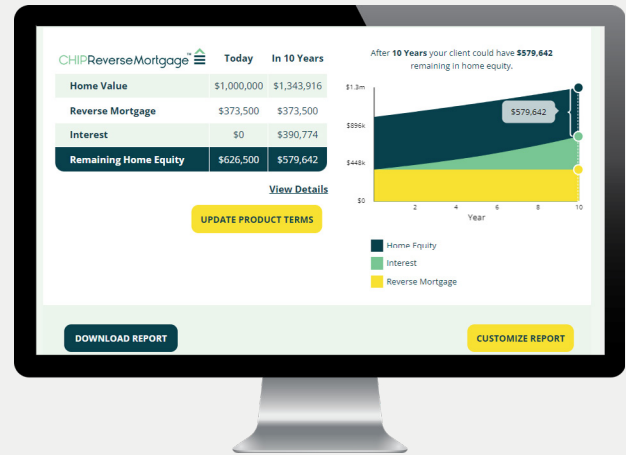
- M. Palmer

TOOLS TO SET YOU UP FOR SUCCESS



CALCULATOR

With HomeEquity Bank, your client has many flexible options to help them get the most out of the equity in their home and live a better retirement. Find the CHIP Reverse Mortgage loan amount your client may qualify for by entering their details into our CHIP Reverse Mortgage calculator and configuring a financial illustration.



This graph is for illustrative purpose only.

GROW YOUR BUSINESS WITH PARTNER LAUNCHPAD

HomeEquity Bank has developed a comprehensive set of resources to assist our partners with establishing a strong presence, generating leads, and fostering business growth.

Partner Launchpad provides an all-in-one suite of professionally crafted marketing assets designed to empower our partners to promote their business and the CHIP Reverse Mortgage to their client base. You can access Partner Launchpad at go.chipadvisor.ca/launchpad.

Partner Launchpad provides various resources, including professionally written and designed:



Social Media Content



Website Content



Emails



Customizable Promotional Assets

YOUR DEDICATED SALES PARTNERS

Our Business Development Managers (BDMs) specialize in reverse mortgages, with a keen eye to the financial planning business. They provide tailored support to our wealth advisors within their local markets, assisting with the integration of reverse mortgages into their financial planning practice, specifically addressing the evolving needs of the 55+ demographic.

FREQUENTLY ASKED QUESTIONS

? Will the Bank own the home?

The homeowner always maintains title ownership and control of their home. HomeEquity Bank simply has a first mortgage charge on the title, like any conventional Canadian mortgage.

? Can the Bank force the homeowner to sell or foreclose at any time?

A reverse mortgage is a lifetime product and as long as the client abides by their mortgage obligations/promises, the loan won't be called even if the house decreases in value.

? With a reverse mortgage, will the homeowner owe more than their house is worth?

Clients can qualify for up to 55%¹ of their home's appraised value, and with HomeEquity Bank, every reverse mortgage comes with a No Negative Equity Guarantee², which means that the amount a client is required to pay on the due date (excluding some items) will not be more than the fair market value of their home.

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

Clients should always explore all their options before making a decision. HELOCs are a good short-term borrowing option for people with a high declared income and wish to pay ongoing monthly interest on their loan balance or pay their HELOC back in the near future. A reverse mortgage is a long-term financial solution³ that doesn't require any monthly payments and provides the ability to prolong and retain retirement savings.

? Is a reverse mortgage a last-resort solution?

A reverse mortgage frees up tax-free equity that is tied up in the value of a home and can allow the borrowers to enjoy their retirement on their terms.

? Are reverse mortgages too expensive because the rates are high?

HomeEquity Bank rates are competitive and could be more favourable than alternative lenders' rates on conventional bank HELOCs, second mortgages or unsecured loans. Plus, with a CHIP Reverse Mortgage, clients don't have to worry about making any repayments, as the debt isn't owed until the due date. Due date conditions are outlined in your client's mortgage agreement.

The due date including and being the following:

- a) the date the borrower completes the sale, assignment or transfer of their property to any other person;
- b) the 1-year anniversary of the date the last of the borrowers moved into a long-term care facility or retirement residence;
- c) the date on which an event of default occurs under the borrower's Loan Agreement or the mortgage against their property (other than an event of default arising from the sale, assignment or transfer of their property or their promise not to move into a long-term care facility or retirement residence); or
- d) the date that is 180 days after the last of the borrowers dies.

? Can the homeowner(s) still get a reverse mortgage if they have an existing mortgage?

A reverse mortgage can be used to consolidate existing debt, eliminate monthly debt payments, and provide financial security. If a client has an existing mortgage, it must be paid off first with the CHIP Reverse Mortgage proceeds, and the remainder of the proceeds can be accessed by the client as cash.

¹ Some conditions apply. Refer to our reverse mortgage calculator at chipadvisor.ca/financial-illustration-calculator to determine how much your client qualifies for.

² As long as clients maintain their property, pay their property taxes and property insurance, and their property is not in default. The guarantee excludes administrative expenses and interest accumulated after the due date.

³ Excluding CHIP Open.

MEET OUR PARTNERS

In 1986, HomeEquity Bank became the first reverse mortgage provider in Canada. Today, we continue to be the leading provider with the CHIP Reverse Mortgage. By partnering with the organizations below, we are able to provide Canadians 55+ with the retirement they deserve.

*HomeEquity Bank's Chief Financial Commentator, **Pattie Lovett-Reid***



Acquired by Ontario Teachers' Pension Plan

In July 2022, the Ontario Teachers' Pension Plan Board acquired HomeEquity Bank. The acquisition by Ontario Teachers' represents the organization's continued vision for investing in successful Canadian financial services businesses like HomeEquity Bank, which is focused on serving Canadians 55+ through pioneering approaches to building wealth and financial security.



Canada Deposit Insurance Corporation (CDIC)

HomeEquity Bank is a proud member of Canada Deposit Insurance Corporation (CDIC).



Better Business Bureau

HomeEquity Bank has an A+ rating from the Better Business Bureau.



Canadian Association of Retired Canadians (CARP)

CARP is a non-profit organization that advocates on behalf of Canadians as we age and is proud to partner with HomeEquity Bank. Under the partnership, HomeEquity Bank's product line is now officially endorsed and recommended by CARP as a trusted financial solution during your retirement years.



The Royal Canadian Legion

The Royal Canadian Legion is Canada's largest Veteran support and community service organization. With 260,000 members in 1,400 branches, the Legion is committed to making a difference in the lives of Veterans and their families, providing essential services in communities, and remembering the men and women who sacrificed for our country. Legion endorses HomeEquity Bank's product line as a viable and comprehensive solution for Canadians planning for retirement.



HomeEquity Bank is recognized as a Schedule 1 Canadian Bank



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South Tower, 200 Bay St., Suite 3500, Toronto, ON M5J 2J1
chipadvisor.ca