Equitable Bank | Canada's Challenger Bank™

Love your life and your home

Reimagine your financial security with the Equitable Bank Reverse Mortgage

Reimagine your financial security

The Equitable Bank Reverse Mortgage can help your client live a more comfortable life

With a reverse mortgage, your client can turn a portion of their home equity into a source of cash. This means they'll have access to a dependable source of funds without the stress of any payments, all while retaining ownership of their home.

If your client is a Canadian homeowner who's 55 years old or over and lives in a major urban centre in British Columbia, Alberta, Ontario or Quebec, they may be eligible for an Equitable Bank Reverse Mortgage.

What's the difference between the Equitable Bank Reverse Mortgage and a standard mortgage?

The main distinction is that a reverse mortgage is a long-term financing solution that requires no payments until the mortgage becomes due. It allows qualifying homeowners to convert a portion of their home equity into cash on a tax-free basis while remaining in their principal residence.

With the Equitable Bank Reverse Mortgage:

- No interest or principal payments are required until the mortgage becomes due.
- Full repayment of the mortgage is due when the property is sold or transferred, a client passes away, moves, or defaults.
- Eligibility is determined using the client's age and a percentage of the home's appraised value.
- Interest accrues until the reverse mortgage is repaid, and as such, the home's equity may decrease as the interest increases throughout the life of the mortgage.
- It's non-amortizing and there is no maturity date.

Love your life and your home

Assess your client's eligible amount for the Equitable Bank Reverse Mortgage

Visit **equitablebank.ca/reversemortgagecalculator** to get a downloadable report on what your client's Equitable Bank Reverse Mortgage could look like.

Documents your client will need:

- Proof they received independent legal advice
- If they have debt secured through the residence, they'll need to provide those statements
- Verification of their ability to cover property-related expenses such as property taxes, condominium fees and utilities
- Home appraisal
- Power of Attorney (if applicable)

Your client's guidelines include:

MINIMUM PROPERTY VALUE	$250K
MINIMUM INITIAL ADVANCE AMOUNT	$25K
MINIMUM BORROWING AMOUNT	$25K

Maximum Borrowing Amount*

MAJOR URBAN CENTRE OR LARGE CITY	$800K
SURROUNDING AREA OF A LARGE CITY	$600K
MID-SIZED CITY OR RETIREMENT COMMUNITY	$400K

*Subject to change based on the geographical location of the property. Ask your RBM for more details.

An overview of the Equitable Bank Reverse Mortgage options

Initial Advance

If your client would like to take their maximum eligible amount as a one-time advance:

- That means they would be taking all their funds upfront
- They can choose between adjustable and fixed interest rate terms

If they are not taking their maximum eligible amount, subject to a minimum Initial Advance of $25,000, they have options for their remaining funds:

- They can choose between adjustable and fixed interest rate terms
- Set up scheduled recurring advances
- Leave room to add single advances at a later date

Single Advances

- Are available for adjustable and fixed interest rate terms
- Can be disbursed on request any time after closing
- The minimum advance amount is $5,000 (or the whole remaining amount if less than $5,000)
- May be subject to a blended interest rate for fixed interest rate terms

Recurring Advances

- Are only available for an adjustable interest rate term
- Can be scheduled at any time for up to 20 years
- The minimum advance amounts vary by the frequency chosen: $500 monthly, $1,500 quarterly, $3,000 semi-annually and $6,000 annually
- Are subject to the adjustable interest rate in effect at the time of each advance

What your client's Equitable Bank Reverse Mortgage could look like

Below are scenarios of how your client may decide to use their money over the span of 20 years. These numbers are based on an initial home value of **$500,000**, with an interest term of **5.99%**. See back for full details.

Initial Advance

One time advance of $100,000

At Year 10 $671,958 Home Value

Single Advances

Initial advance of $25,000
and 3 lump sums of $25,000

At Year 10 $671,958 Home Value

Recurring Advances

Initial advance of $25,000
and $5,000 semi-annually

At Year 10 $671,958 Home Value

Mortgage Principal | Interest | Remaining Equity

Please note that these charts and figures are for illustrative purposes only. The actual remaining equity of your client's home at the end of 20 years will depend on several factors, including the increase in the value of the home, changes in interest rates, the amount borrowed, the amount of any prepayments and applicable fees or charges. See back for full details.

Your client may be eligible if:

They live in a major urban centre in British Columbia, Alberta, Ontario or Quebec.

Their home is their principal residence, meaning they're there for at least six months of the calendar year.

All the titleholders of the residence apply as joint borrowers.

Their home is owner-occupied and not a secondary home or cottage*.

They live in a detached, semi-detached, condo, or townhome.

On a case-by-case basis, they live in an owner-occupied rental (up to four units).

They demonstrate the ability to pay annual property taxes, fire insurance and condo fees (where applicable).

Their credit bureau results satisfy the program's requirements, however further evaluation may be required.

The youngest applicant is at least 55 years old.

Prepare your client for an Equitable Bank Reverse Mortgage

The steps:

1. Calculate their maximum eligible LTV and determine their financial needs and current obligations.
2. Determine whether your client prefers a one-time advance (an Initial Advance), Single Advances and/or Recurring Advances.
3. Find out if they wish to schedule Recurring Advances.
4. Determine whether they prefer a fixed or adjustable interest rate and the interest rate term.
5. Determine if they may want to change their mortgage type and interest rate term in the future.

Determine your client's estimated eligible amount and plan their advances using the calculator at equitablebank.ca/reversemortgagecalculator

Calculate your client's loan to value

Age	Max LTV
55-60	15%
61	16%
62	17%
63	18%
64	19%
65	20%
66	21%
67	22%
68	23%
69	24%
70	25%
71	26%
72	27%
73	28%
74	29%
75	30%
76	31%
77	32%
78	33%
79	34%
80	35%
81	37%
82	39%
83+	40%

* Your client will not qualify if their home is used for a commercial purpose, a rental, mobile-home, co-op, acreage, or farm.

Principal and interest

Your client will probably have a lot of questions regarding how their outstanding balance is calculated throughout the life of their mortgage. The outstanding balance is made up of the principal (the amount they have borrowed), costs and fees, and interest (the percentage we charge for lending the money). They can choose to make prepayments toward their principal and interest at specific times, otherwise payments are only required when the mortgage becomes due.

When is the mortgage due?

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 any of these events:

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

What is owed on the due date?

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

Payment guarantee

Is there a chance my client would pay more than fair market value?
We guarantee that as long as your client has met their mortgage obligations, the amount they owe on the due date will not be more than 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.

Prepayments

Although no regular payments are required until the mortgage becomes due, your client has the benefit of prepayment privileges which allows them to prepay their principal or interest without being subject to a prepayment charge. Of course, certain conditions would need to be met.

When can your client make a prepayment without a charge?

Interest Payment
Prepay any of their interest outstanding once per calendar month.

Principal Payment
Prepay up to 10% of their principal once per 12-month period (starting from their initial advance).

After 5 Years
Prepay in excess of 10% of their principal or the entire outstanding balance within 30 days of an interest rate reset date.

After 10 Years
Prepay in excess of 10% of their principal or the entire outstanding balance at any time.

Any payments, including prepayments, received will be applied first to fees or charges, then to interest before being applied to principal.

When would your client incur a prepayment charge?

If your client exceeds their prepayment privilege, they will be subject to a prepayment charge and applicable fees.

Prepayment charge exceptions

- The charge is waived if the Equitable Bank Reverse Mortgage loan becomes due as a result of the death of the last borrower.
- The charge is reduced by 50% if the last borrower moves into a long-term care facility or retirement residence.

Period	Charge amount
Year 1	5 months' interest
Year 2	4 months' interest
Years 3-10	3 months' interest
After Year 10	No charges apply after 10 years. Pay what you want when you want.

Frequently asked questions

Get to know the Equitable Bank Reverse Mortgage

Will the bank own my client's home up-on receiving a reverse mortgage?
No, your client does not transfer ownership of their property to the bank upon receiving a reverse mortgage.

Could my client owe more than the value of their home?
As long as your client has met their mortgage obligations, the amount they owe on the due date will not be more than the fair market value.

How can my client reduce the interest owing on their reverse mortgage?
To reduce interest accumulation, your client can limit the amount of their initial advance and take out additional funds only as needed. There's also the option of paying down interest monthly without a prepayment charge.

How much equity will my client have left?
At any time, the remaining equity on your client's home will depend on the difference between the home's current value and the amount owing on the reverse mortgage.

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 your client can choose the interest rate that works best for them.

How could my client use the funds from a reverse mortgage?
They could use it to cover daily expenses, home renovations, medical bills, in-home care, family needs, trips, or help a relative with a down payment, it's up to them.

We also offer a range of home-financing solutions. You can help your client decide what's right for them.

Can Equitable Bank sell or foreclose my client's home?
If your client continues to meet their mort-gage obligations, they should have no con-cerns about losing their home to the bank.

What if my client already has a mortgage on their property?
If your client has a mortgage, it must be paid off so that the reverse mortgage can be registered in first priority. They can use the proceeds from the initial advance to pay off their existing mortgage, any outstanding debt, or lien registered against the property.

Would my client need to sell their house if their spouse passes away?
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 options does my client have for receiving their funds?
Your client can take the mortgage proceeds upfront as a one-time advance (an Initial Advance). Or your clients can take a large sum upfront (minimum amount of $25,000) and the remaining funds as Single Advances and/or Recurring Advances scheduled over several years.

Can a Power of Attorney (POA) apply on a client's behalf?
A POA for property may be used when applying for the reverse mortgage. The client's attorney must have the ability to deal with real property. The POA will not be permitted to apply on a client's behalf simply because a client is out of the country.

When is a holdback 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.

Is a credit bureau report required?
For each applicant, a credit bureau report is required.

Who is responsible for paying property taxes?
Your client must pay property taxes directly to the municipality.

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

Equitable Bank

Equitable Bank offers a diverse suite of lending and savings solutions so that no matter where you live in Canada or what your aspirations are, we've got a solution that can help you achieve it.

For more information on our mortgages, please contact your Regional Sales Manager.

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equitablebank.ca/reversemortgage

Scenario 1 — Initial Advance: One-time initial advance of $100,000
The chart shows the estimated remaining equity in your client's home over the next 20 years. The remaining equity in your client's home is the difference between the value of the home and the total amount owing on the Equitable Bank Reverse Mortgage at the end of 20 years. The estimate of the remaining equity is based on the following assumptions: Current estimated home value of $500,000, approved loan amount of $100,000 (based on 20% LTV), one time initial advance of $100,000 and a 5-year interest rate term with a fixed annual interest rate of 5.99%, interest rate term resets into the same interest rate term over the next 20 years with no change in the interest rate at each reset, annual increase in home value of 3%, and no principal or interest prepayments are made.

Scenario 2 — Single Advances: Initial advance of $25,000 + 3 lump sums of $25,000
The chart shows the estimated remaining equity in your client's home over the next 20 years. The remaining equity in your client's home is the difference between the value of the home and the total amount owing on the Equitable Bank Reverse Mortgage at the end of 20 years. The estimate of the remaining equity is based on the following assumptions: Current estimated home value of $500,000, approved loan amount of $100,000 (based on 20% LTV), initial advance of $25,000, total single advances of $75,000 ($25,000 at years 5, 10 and 15), 5-year interest rate term with a fixed annual interest rate of 5.99%, interest rate term resets into the same interest rate term over the next 20 years with no change in the interest rate at each reset, annual increase in home value of 3%, and no principal or interest prepayments are made.

Scenario 3 — Recurring Advances: Initial $25,000 + recurring $5,000 semi-annually for total of $75,000
The chart shows the estimated remaining equity in your client's home over the next 20 years. The remaining equity in your client's home is the difference between the value of the home and the total amount owing on the Equitable Bank Reverse Mortgage at the end of 20 years. The estimate of the remaining equity is based on the following assumptions: Current estimated home value of $500,000, approved loan amount of $100,000 (based on 20% LTV), initial advance of $25,000, total recurring advances of $75,000 ($5,000 twice yearly for a total of 15 advances over 20 years), 5-year interest rate term with an adjustable annual interest rate of 5.99% (assuming no changes in the Equitable Bank Reverse Mortgage Prime Rate), interest rate term resets into the same interest rate term over the next 20 years with no change in the interest rate at each reset, annual increase in home value of 3%, and no principal or interest prepayments are made.

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Equitable Bank

Effective: May 28, 2020

	Term	Fixed	ARM	Setup Costs[1]	Compensation
Reverse Mortgage Rate	6 Month	4.79%	-	$995	200 bps on all advanced amounts
	1 Year	4.09%	-		
	2 Year	4.49%	-		
	3 Year	4.59%	-		
	5 Year	4.69%	P + 2.39%		
Lump Sum Rate[2]	1 Year	3.79%	-		
	2 Year	3.89%	-		
	3 Year	3.99%	-		
	5 Year	3.99%	P + 2.09%		

[1]Setup costs will be deducted from the mortgage proceeds/advance

[2] These rates only apply to certain transactions within Equitable Bank's lending guidelines. Rates and conditions subject to change without notice.

DISCLOSURE:

- Rates and/or discounts are subject to change without notice
- Equitable Bank Reverse Mortgage Prime Rate is 2.45%

Receiving Your Money

Initial Advance

- *Draw a portion or all of eligible funds up front*
- *Minimum initial advance: $25,000*

Recurring Advances

- *Schedule advances monthly, quarterly, semi-annually, or annually for up to 20 years*
- *Available for adjustable interest rate reset term only*
- *Not subject to a disbursement fee if recurring advances set at origination*

Single Advances

- *Receive remaining funds upon request any time after closing*
- *Minimum advance: $5,000*
- *Subject to $50 fee for each subsequent advance*

For more information, please visit www.equitablebank.ca or speak to your Business Development Manager