



**Is a Reverse Mortgage
Right for You?**

Straight Answers About Reverse Mortgages in British Columbia

Call 604-787-2236 for a Quick, No-Hassle Quote

Or visit www.55Plusreversemortgages.ca

55Plus 
Reverse Mortgages


CITY WIDE
MORTGAGE SERVICES

Straight Talk

About Reverse Mortgages in British Columbia

Answers to the 11 Most-Asked Questions



What is a Reverse Mortgage?

Simply put, a Reverse Mortgage is a mortgage loan **where the lender makes payments to you**. Under a Reverse Mortgage, the lender gives you access to the cash locked away in the equity in your home right now, but agrees to repayment of the loan only after you move or sell your home.

The money you receive is **tax-free** and you can take it in one of three ways:

1. A **lump sum** of all the funds available to you
2. A **partial lump sum you can take up front**, while leaving some of the available funds for future use
3. A **partial lump sum you can take up front plus a monthly (or quarterly) amount** deposited directly into your bank account.

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free, no hassle estimate.

A Reverse Mortgage is a good long-term plan if you wish to **age at home**. It comes with **a lifetime approval** so long as you:

- Maintain your home
- Keep your property taxes up-to-date, or arrange to defer them
- Keep valid home insurance
- Keep your home as your primary residence.

Meet these simple requirements, and you **are the one in control of your home with a Reverse Mortgage**. You will **never be forced to move or sell** until you decide to leave your home, or the last homeowner passes away.



How do I qualify for a Reverse Mortgage?

You, your spouse or partner, and anyone else on your home's title **must be aged 55 or older**. Your home must be your principal residence. If you have loans secured on your home, the funds from a Reverse Mortgage will be used to pay these off at the time of funding, and any remaining balance becomes available to you.

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How can I use the money?

You can use the income from a Reverse Mortgage in **any way you see fit**, and the best part is that it's **tax-free**.

You can:

- Travel
 - Pay off debts or unexpected expenses
 - Renovate your home
 - Pay for in-home health care services
 - Help family and loved ones with a gift
 - Buy or rent a vacation property
- ... or anything else you want to do. It's your money.

Do I have to pay more income tax?

No. The money received from a Reverse Mortgage in B.C. is **tax-free**, whether you take it as a lump sum, or as a combination of a lump sum and monthly/quarterly income.

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Does a Reverse Mortgage affect my Canada Pension Plan (CPP), Old Age Security (OAS), Guaranteed Income Supplement (GIS) or other benefits?

No. The money you receive from a Reverse Mortgage is not considered income, so **it does not have to be declared on your income tax return** and **does not impact** your pensions, disability or other benefit programs.



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How is a Reverse Mortgage different from a second mortgage or home equity line of credit?

A **second mortgage** usually requires fixed monthly payments of capital and interest, just like your first mortgage did. The interest rates are typically much higher, plus there are additional up-front fees that can be significantly higher than other options. A second mortgage is a demand loan, which means that it is not guaranteed to be renewed, and/or the terms can be changed as the housing market changes, with additional fees often being charged.

A **home equity line of credit (HELOC)** can offer more flexible access to a smaller amount of available funds than a second mortgage, with a revolving account and monthly interest-only payments. A HELOC is also a demand loan, which means that it is not guaranteed to be renewed, or the terms can be changed as the housing market or interest rates change.

In contrast, a **Reverse Mortgage does not require you to make monthly payments of principal or interest, and it is not a demand loan.** You can live in your home for the rest of your life if you wish to, without having to worry about ever losing your home. The interest simply accrues on the loan until the time that the Reverse Mortgage is repaid to the lender, usually when you sell your home or the last homeowner passes away.

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What if I still have money owing on my first mortgage?

Typically, the proceeds from a Reverse Mortgage are used to pay out the outstanding balance on your first mortgage as well as any other debts secured against the home. The remainder of the funds are then made available for you to use as you wish, You can even leave some or all of the remaining funds unused, much like a credit line you can use in the future if needed.

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Could I lose my home?

With a Reverse Mortgage, **you still own your home and have as much, if not more control of it as before.** In fact, if you pay or defer your property taxes, keep home insurance, keep your property well-maintained and it remains your primary residence, **your Reverse Mortgage lender will not ask you to move or sell** until you decide to move, or the last homeowner passes away. This is the only mortgage that offers this kind of lifetime protection and control for you.

Over 99% of borrowers still have equity left over when their Reverse Mortgage is repaid. And the average amount of equity left over is still more than 50% of the value of home.

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Will I lose all the equity in my home?

Not likely. Reverse Mortgage providers have conservative limits on how much they will lend. The maximum is 55% of the value of a home, but the average amount lent out is between 30%-35%.

According to Canada's largest Reverse Mortgage lender, **over 99% of borrowers still have equity left over when their Reverse Mortgage is repaid.** And the average amount of equity left over is still **more than 50%** of the value of home. So if the value of your home stays the same or rises over time, you should still have plenty of equity left over when you move or sell. As you get older, it's even possible to add to your Reverse Mortgage if the appraised value of your home has gone up. And in the unlikely case that your home is worth less than its original appraised value when you sell or move, **some Reverse Mortgage agreements guarantee the lender will absorb the difference.**

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Who should I consult on this?

First and foremost, you should consult with your **spouse** or anyone with whom you share your home. Both of you need to be **over 55 years old**, even if there's only one owner on title with your home, and both of you need to be part of the application for a Reverse Mortgage. Then you're ready to consult a **Mortgage Broker registered with the British Columbia Financial Services Authority (BCFSA)**.

Finally, you may want to consult with your **financial advisor** if you have one, and with your **lawyer** if you have one. In fact, lenders require that you review the Reverse Mortgage agreement with a lawyer of your choice.



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I'm helping my parents/relatives with their finances. What else do I need to know?

If you have a Power of Attorney (POA) for your parents, relatives or friends, there are a few additional requirements for documentation for a Reverse Mortgage. Your Mortgage Broker can help you with these.

Call us at 604-787-2236 for a free, no hassle estimate.



How to Apply

Securing your Reverse Mortgage is simple:

Contact your broker

Call **1-604-787-2236** and talk to your personal, independent Reverse Mortgage Broker, or e-mail at the address below.

1) Get an Appraisal

If you want to go ahead, your Broker can help you arrange for an independent appraisal of your property.

2) Complete an application

Your Broker will help you with the documents required by your chosen lender, and answer any remaining questions

3) Consult a lawyer

All documents need to be reviewed by a lawyer of your choice.

4) Receive your funds

All cash received from a Reverse Mortgage are tax-free.



Our Promise to You

- We will listen respectfully
- We will protect your privacy
- We will answer your questions in plain language
- We will never pressure you

Our Mortgage Brokers are government-registered with the British Columbia Financial Services Authority. All of our Reverse Mortgage Broker services are **free to you**. (Lawyers fees and independent appraisals are payable by the borrower.)



YOUR BROKER IS:

CHRISTOPHER ROUSE, BA, MBA

Chris Rouse is a licensed Mortgage Broker with City Wide Mortgage Services, which has served British Columbians for over 30 years.

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