

Your guide to the CHIP Reverse Mortgage



Kurt Browning
HomeEquity Bank
Ambassador

There's no retirement like home

CHIP Reverse Mortgage™ 
by HomeEquity Bank



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

A handwritten signature in black ink, appearing to be 'Katie Dudtschak', located at the bottom left of the page.

Congratulations!

As a Canadian homeowner, you have already made a sound investment in your future.

Homeownership not only provides you with a place to create memories but also offers you the financial flexibility to support your retirement and live life on your terms.

In this guide we will share client testimonials, compare products and solutions and provide you with information to help you choose the best option for you.

HomeEquity Bank is committed to finding customized solutions that meet the needs of its valued clients.

Together, let's make your retirement dreams a reality!



CHIP Reverse Mortgages Explained



What it is: The CHIP Reverse Mortgage is a retirement income solution specifically designed for Canadian homeowners 55+ to access a portion of their home's equity as a tax-free income.

Loan Repayment: With CHIP no monthly payments are required. The loan is repaid only when the homeowner sells the house, moves into long-term care, or passes away.*

Eligibility: Homeowners must be at least 55 years old, live in the home as their primary residence, and have sufficient home equity.

Benefits:

- ✓ With CHIP, you maintain title and ownership and can enjoy your home in retirement.
- ✓ Proceeds from CHIP are not considered income and won't affect your Old Age Security (OAS) or Canada Pension Plan (CPP) benefits.
- ✓ You can choose to receive the funds as a lump sum or in regular installments.

*Some conditions apply.

Your Responsibility

Simply pay your property taxes, home insurance, and keep your property well-maintained. The home must be your principal residence.

Why Consider A Reverse Mortgage?



93% of Canadians want to **age in place**^{*}, in the home they love. With CHIP, you **access the equity from your home** to live retirement your way.



Downsizing can be costly both financially and emotionally. With CHIP, **you maintain title and ownership** and enjoy your home in retirement.



Access to traditional lending becomes limited in retirement due to fixed income. With CHIP, **no monthly mortgage payments** are required.



With investments and other forms of income, there can be tax implications. **Proceeds from CHIP are tax-free.**

HomeEquity Bank is a Federally Regulated Canadian Bank, and the provider of the CHIP Reverse Mortgage since 1986.



**Survey conducted by Ipsos on behalf of HomeEquity Bank April 12-16, 2022.*

Wide Variety of Solutions to Suit Your Specific Needs

At HomeEquity Bank, we don't believe in cookie-cutter solutions. Your financial goals are unique to you – and you deserve a customized solution that delivers what you want to get out of life. That's why today we offer you more unique mortgage options than ever before.

"I thought that finances might force me to downsize, but thanks to a CHIP Reverse Mortgage for Canadians 55+, I can now stay in my beloved home until I can no longer manage on my own. I cannot say enough about how much of a difference this will make to my lifestyle!"

- Susan P.



Feel Right At Home With Your Options

CHIP Reverse Mortgage 

Income Advantage 

CHIP Max 

CHIP Open 

PURPOSE

Our most popular solution, the **CHIP Reverse Mortgage**, is ideal for homeowners 55+ who are looking for a **one-time lump sum of tax-free cash**.

Created for homeowners looking to supplement their retirement income, **Income Advantage provides monthly advances** to fill in the gaps between current income and expenses.

Designed for homeowners aged 55-75, **CHIP Max** can provide clients with a **higher percentage** of their home equity.

CHIP Open is made for homeowners searching for a **short-term financing solution** with the option to repay the full loan amount at any time without prepayment penalties.

BEST USED FOR



Alleviating the stress of debt



Boosting your day-to-day lifestyle



Obtaining cash for unforeseen expenses



Bridge financing or as a short-term cashflow solution



Renovations which could increase your home value



Increasing monthly cashflow



Boosting your income



Obtain capital for a new opportunity



A large expense (e.g. health, car or helping family)



Protecting your investments



Loan consolidation



Flexibility to convert to a longer-term solution

ELIGIBILITY



Canadian Homeowners



Borrower(s) must be 55+



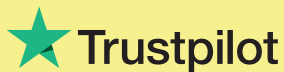
The home must be your primary residence

What Does Financial Freedom Afford You?

HomeEquity Bank Reverse Mortgage solutions are about living your retirement, your way. Here are some of the ways that our customers have used their reverse mortgage funds:

“The CHIP Reverse Mortgage gave me support by assisting me to help myself stabilize my financial situation. I am now content in knowing that I can remain in my home and enjoy the remainder of my years without worrying about how I’m going to pay the next bill!”

- Alice S.



Achieve Financial Freedom



- ✓ Pay off debts and other financial pressures
- ✓ Improve cashflow
- ✓ Preserve your investments

Supplement your income



- ✓ Maintain your current standard of living
- ✓ Enjoy social outings and host family and friends
- ✓ Maintain financial independence
- ✓ Keep up with the rising costs of living



Look after your health and wellness



- ✓ Join a gym and get active
- ✓ Pay for unexpected medical expenses and equipment
- ✓ Arrange for in-home care
- ✓ Renovate to improve your mobility at home

Pursue your passions and interests



- ✓ Visit family and friends out of town
- ✓ Travel or buy a vacation property
- ✓ Pick up a hobby like painting or classic car restoration
- ✓ Take a course to further your interests

Invest in your home



- ✓ Make repairs to your driveway, roof, HVAC system and more
- ✓ Refresh your home or garden
- ✓ Improve home decor and upgrade your appliances


Gift a Living Legacy



- ✓ Give your family an early inheritance
- ✓ Help your children buy their first home
- ✓ Assist a family member
- ✓ Help your child or grandchild with tuition fees

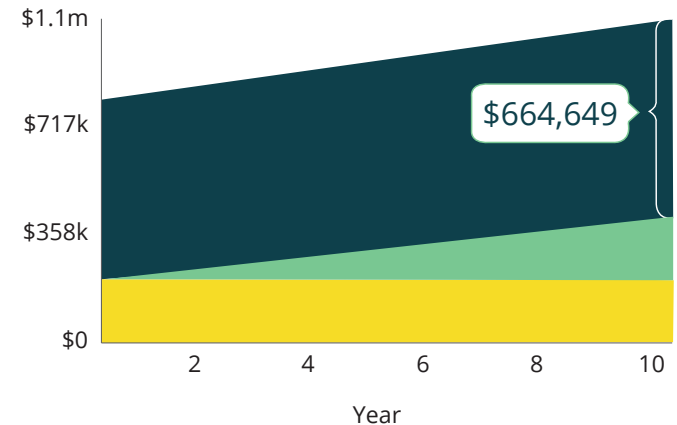
Your Home Equity

Calculating Home Equity Over Time

CHIPReverseMortgage™ 	Today	In 10 Years*
Estimated Home Value	\$800,000	\$1,075,133
Principal (Reverse Mortgage)	\$206,500	\$206,500
Interest	\$0	\$203,984
Remaining Home Equity	\$593,500	\$664,649

	Rate
Annual Home Appreciation	3%
Interest rate	6.69%
APR (Annual Percentage Rate)	6.94%


After 10 Years you could have **\$664,649** remaining in home equity.



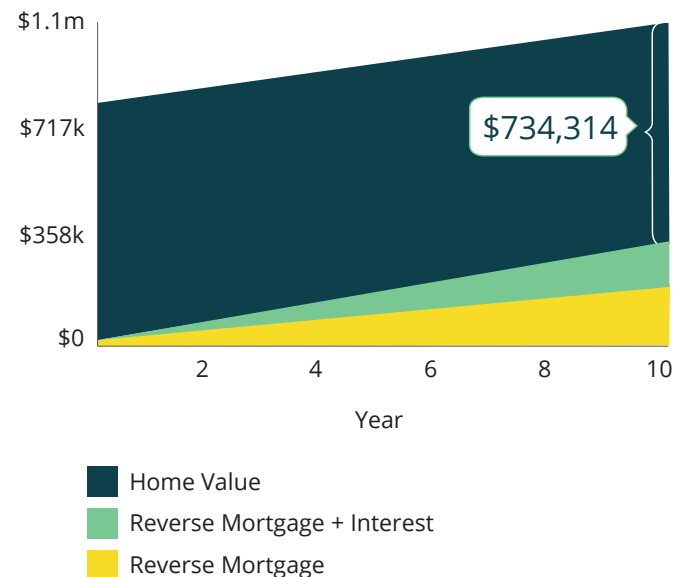
*Calculation and charts are for illustration purposes only. These assumptions are not necessarily indicative of future market performance or interest rates. External factors are not accounted for in the calculations and are based on certain assumptions, which may affect future projections. This information is not intended as specific financial, legal or tax advice for any individual and should not be relied on as such. HomeEquity Bank does not make any representations or warranties with respect to the illustrations.

It's wise to consider your home's current value and its potential value in the future.

Calculating Home Equity Over Time

IncomeAdvantage™ 	Today	In 10 Years*
Estimated Home Value	\$800,000	\$1,075,133
Principal (Reverse Mortgage)	\$20,000	\$206,500
Interest	\$0	\$134,319
Remaining Home Equity	\$780,000	\$734,314
	Rate	
Annual Home Appreciation	3%	
Initial Advance Interest Rate	6.69%	
Monthly Planned Advance	\$1,600	
Planned Advance Interest Rate	8.86%	
APR (Annual Percentage Rate)	9.07%	

After 10 Years you could have **\$734,314** remaining in home equity.



*Calculation and charts are for illustration purposes only. These assumptions are not necessarily indicative of future market performance or interest rates. External factors are not accounted for in the calculations and are based on certain assumptions, which may affect future projections. This information is not intended as specific financial, legal or tax advice for any individual and should not be relied on as such. HomeEquity Bank does not make any representations or warranties with respect to the illustrations. The APR (Annual Percentage Rate) percentage for this example is 9.07%.

Why Choose CHIP?




"HomeEquity Bank was very easy to deal with. They kept in contact with us and helped us through every step of the way before our funds were disbursed. We would highly recommend this company to anyone who would ask us about them"

- Gerd D.

★ Trustpilot



	HomeEquity Bank 	OTHER PROVIDERS
Leading provider of Reverse Mortgages in Canada	✓	✗
Canadian Schedule 1 Federally regulated bank solely dedicated to serving Canadians 55+	✓	✗
Setting customer service excellence standards for Canadians 55 and better	✓	✗
Endorsed by CARP and Legion	✓	✗
Over 38+ years of reverse mortgage experience	✓	✗

You're In Good Hands With HomeEquity Bank

Who We Are

✔ **Rating of 4.8** based on unbiased customer reviews **accessible online**



✔ We have an **A+ Rating** with the Better Business Bureau



✔ We are a member of the **Equity Release Council**



How We Protect Our Clients

✔ Conservative Lending Standards – **up to 55%***

✔ **No Negative Equity Guarantee**** – Never owe more than the fair market value of your home

✔ Independent Legal advice is required for all clients

**Some conditions apply.*

***Must maintain property, pay property taxes and homeowners' insurance, and abide by your mortgage obligations. The guarantee excludes administrative expenses and interest that has accumulated after the due date.*

Frequently Asked Questions

You've got questions. HomeEquity Bank has answers.

Don't see an answer you're looking for? Don't hesitate to speak to a financial professional.

Q Will I still own my home?



Absolutely! You will always maintain complete ownership and title of your home. HomeEquity Bank will never ask you to move or sell, provided you: pay your property taxes and home insurance, and keep your property well maintained.*

Q How are fees and interest rates calculated?



HomeEquity Bank offers both fixed and variable rate terms. The variable rate will fluctuate based on the Bank of Canada's prime rate. HomeEquity Bank's fixed rates are set for a predetermined time period and are available for a 6-month, 1-year, 3-year or 5-year period. Like a conventional mortgage, there are administrative fees and closing costs.

Q Will I owe more than my house is worth?



Every CHIP Reverse Mortgage comes with a No Negative Equity Guarantee*, which means the amount you will have to pay on the due date will not exceed the fair market value of your home as long as the conditions of the loan are met.

*Must abide by mortgage obligations, maintain property, pay property taxes and homeowners insurance. The guarantee excludes administrative expenses and interest that has accumulated after the due date.

Q What if I have an existing mortgage?



The existing mortgage will have to be paid off with the reverse mortgage funds, the remaining proceeds can be used however you may choose.

Q Will my government benefits be affected?



No, CHIP will not affect any government benefits you may receive, such as Old Age Security (OAS), Canada Pension Plan (CPP), or Guaranteed Income Supplement (GIS).

Q Are surviving spouses stuck with repaying the loan if their partner passes away?



No, if both spouses are listed as borrowers on the title of the home, the surviving spouse can remain in the home for as long as they'd like without having to make a repayment.

Q Do I have to make any payments?



No payments on the principal loan or interest are required. However, if you choose to make payments, options may be available for you, please speak to a financial professional.

Q Is a Home Equity Line of Credit (HELOC) a better option?



You should always explore all options before making a decision. HELOCs are a good short-term borrowing option for those who can pay the interest and loan back in the near future. However, HELOCs are callable loans with monthly payments and with significant risk of non-renewal or cancellation. The CHIP Reverse Mortgage does not require any monthly payments and cannot be cancelled as long as the conditions of the loan are met.

How Do You Repay Your Reverse Mortgage?

A common question when considering the CHIP Reverse Mortgage is around the repayment process at the time the home is sold.



You always maintain title and ownership of your home*. Should the last surviving title holder pass away, your estate would take ownership of the home.



No principle or interest payments are required until you choose to move or sell, or when the last surviving homeowner passes away.



Should you decide to move or sell, **the homeowner would have to pay back the loan including interest**. On average, customers have over 40% of the equity remaining in the home at the time it is sold.



If/when all borrowers pass away, **the estate of the home would be responsible to pay the reverse mortgage loan** including interest either from the proceeds of the sale of the home or by other sources of funds available to the estate.

*Must abide by mortgage obligations, maintain property, pay property taxes and homeowners insurance. The guarantee excludes administrative expenses and interest that has accumulated after the due date.

Endorsed by Advocacy Groups Serving Canadians 55+

CARP, the Canadian Association of Retired Persons is Canada's largest Advocacy Associations for aging Canadians.

"I've always been proud that at CARP we champion the benefits of aging in place and empowering Canadians. HomeEquity Bank aligns with our mission by offering a brilliant way of liberating a portion of the equity you've built up in your home without having to sell the house. I believe HomeEquity is committed to serving the needs and expectations of Canadians as they age."

Rudy Buttignol, C.M., CARP (Canadian Association of Retired Persons) President



The Royal Canadian Legion has been supporting both veterans and their families in need since 1925.

"As someone deeply committed to supporting Canadian Veterans, I believe that the CHIP Reverse Mortgage is an excellent and reliable tool for veterans to access funds in retirement while staying in the homes they cherish. I wholeheartedly endorse HomeEquity Bank to our veterans and their families because it aligns with the Legion's dedication to helping Canadians thrive in their communities, age in place, and achieve financial stability."

Bruce Julian, Royal Canadian Legion Dominion President





Maria W's Story

“ I have lived in the same tight-knit community for 52 years. We take care of ourselves here. When I broke my arm, neighbours helped me with my cleaning and shopping.

All the local store people know me by name. An older couple on my street moved across town and said it was the biggest regret of their lives. I sure did not want to make that mistake myself. I can't imagine living anywhere else.

CHIP is making it possible for me to stay in the home I love, with the neighbours that have become a second family to me. I am truly grateful. ”

- Maria W

Dave & Betty T's Story

“ For almost 15 years, I worked double shifts to make sure that Betty and our three children had a home they can be proud of.

But year after year, we seemed to lose ground financially. It was very stressful. I did not believe there could possibly be a solution to our debt other than selling our home, which we definitely did not want to do. There are so many wonderful memories wrapped up in this place. Every nick, ding and scratch reminds us of our life together.

When we were approved for a CHIP Reverse Mortgage, it really felt like all of the anxiety left us immediately.

We are appreciating our home in a totally new way.





Even our kids want to thank CHIP. ”

- Dave & Betty T



The Reverse Mortgage Compared to Alternative Lending Options

The more you know about our reverse mortgage products, the more confident your buying decision. **Here is a comparison between CHIP Reverse Mortgage and three alternative financial options.**

	 CHIP REVERSE MORTGAGE	 HOME EQUITY LINE OF CREDIT	 PRIVATE LOAN	 CREDIT CARD
Type of Lending Product	<ul style="list-style-type: none">✓ A financial solution that can provide extra income by converting part of your home equity into tax-free cash	<ul style="list-style-type: none">✓ A demand loan secured on the property	<ul style="list-style-type: none">✓ An unsecured loan	<ul style="list-style-type: none">✓ An unsecured line of credit
Best Suited For	<ul style="list-style-type: none">✓ Homeowners 55+ who want to access the equity in their home but don't want to sell their property	<ul style="list-style-type: none">✓ Homeowners with income who have a need to borrow a large sum or want access to cash over time	<ul style="list-style-type: none">✓ Any individual with income that has a short-term need to borrow a smaller sum of funds	<ul style="list-style-type: none">✓ Any individual with income that has a need for accessible credit to supplement everyday expenses



CHIP REVERSE MORTGAGE

Repayment Terms

- ✓ No monthly interest payments required
- ✓ Homeowner has the option to make partial and interest payments

Access to Funds

- ✓ Up to 55% of the value of your home in tax-free cash
- ✓ Funds are available as a lump sum and/or regular deposits
- ✓ No renewal fees as the loan isn't due until the homeowner decides to move or sell

Loan Guarantee

- ✓ No negative equity guarantee as standard*
- ✓ No risk of the loan being called provided property requirements are met*
- ✓ Homeowner maintains title and ownership



HOME EQUITY LINE OF CREDIT

- ✓ Monthly interest payments required

- ✓ Up to 65% of the value of the home
- ✓ The line is open provided conditions are met

- ✓ Loan may be called or not renewed depending on changes to income, home value, credit score or late payments
- ✓ Homeowner maintains title and ownership



PRIVATE LOAN

- ✓ Fixed minimum payments required monthly for both the principal and interest

- ✓ Borrower must take the total available funds up front
- ✓ Loan amount subject to qualification criteria
- ✓ Renewal not guaranteed

- ✓ Loan may be called depending on changes to income, credit score, or late payments



CREDIT CARD

- ✓ Monthly minimum interest payments required

- ✓ Cash advances are charged at a higher interest rate than purchases
- ✓ Credit limit subject to qualification criteria
- ✓ Renewal not guaranteed

- ✓ Cards may be cancelled or credit reduced depending on changes to income, credit score, or late payments

* Must abide by mortgage obligations, maintain property, pay taxes and homeowners insurance. As long as the clients meet 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.

A Simple and Easy Application Process

At HomeEquity Bank, we take pride in setting a standard of excellence when serving Canadians 55+.

01



02



03

Speak With A Professional

Speak to a professional about your specific needs.

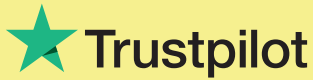
Talk To Your Family

We encourage you to discuss your interest in the CHIP Reverse Mortgage with your family.

Get A Home Appraisal

Once you decide to proceed, HomeEquity Bank will help arrange for an appraisal of your home.

“A very easy process which allows us to enjoy our retirement and maintain the lifestyle we desire. We would highly recommend CHIP if you’re ever considering a reverse mortgage!”
- Gerald M.



04



05



06

Fill Out An Application

Once the home is appraised, you would complete a simple form and provide required documents to proceed.

Receive Independent Legal Advice (ILA)

Before everything is finalized, HomeEquity Bank requires you to review the information with an independent lawyer of your choice.

Receive Your Funds & Gain Financial Freedom

The money you receive will be tax-free! You’ll agree with tens of thousands of Canadians that the CHIP Reverse Mortgage provides peace of mind, financial security, and empowerment every Canadian deserves!

“I believe in the CHIP Reverse Mortgage as a sound and secure financial tool to help Canadians stay in the home they love. I speak to customers regularly and hear firsthand how CHIP provides the financial security and peace of mind every Canadian deserves. I trust HomeEquity Bank, and encourage Canadians to contact them. Maybe it’s time for you to consider CHIP too!”

Kurt Browning,
CHIP Reverse Mortgage
Ambassador



“I’ve always encouraged Canadians to explore all of their options when considering retirement income solutions. That’s why I’m happy to partner with HomeEquity Bank, the leading provider of reverse mortgages in Canada. No one understands this product and demographic better than CHIP, and with our homes often being our largest and most valuable assets, CHIP is a savvy and smart tool to access funds without selling the home you love.”

Pattie Lovett-Reid,
HomeEquity Bank
Chief Financial Commentator



What Customers Are Saying About CHIP



“This CHIP Reverse mortgage is the biggest thing I have ever done in my life and the CHIP team provided me with all the information I needed to feel confident. To know that help was a phone call or email away, with an immediate response, was everything!”

- Carol S.





“Words cannot even begin to express how pleased I am with the CHIP Reverse Mortgage program. My life has taken a positive turn, and I feel a better sense of financial security. Thanks for helping me achieve that goal!”

- May L.



Retire In The Home You Love, **On Your Terms**



At HomeEquity Bank™  we promise to always:

- ✓ Listen carefully
- ✓ Speak clearly and offer useful information
- ✓ Respect you and your privacy
- ✓ Never apply pressure

Talk to a financial professional to find out how much money you could receive with a no-obligation, **FREE estimate**.

CHIP Reverse Mortgage™ 
by HomeEquity Bank

Endorsed by:

