A PLAIN-ENGLISH GUIDE FOR ONTARIO HOMEOWNERS

The Ultimate Guide to Reverse Mortgages in Ontario

Everything worth knowing before you sign one — including the parts most brochures leave out, and the situations where you should walk away.

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This is not a sales brochure. A reverse mortgage is the right answer for some people and a poor one for others, and you cannot tell which you are from an advertisement. Chapter 10 is devoted entirely to the circumstances in which you should not take one out. If that chapter describes you, I would rather you knew now.

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How to read this guide

If you only have ten minutes, read Chapter 3 (how much), Chapter 4 (what it costs), and Chapter 10 (when it's wrong). Those three cover the decision. If you are helping a parent, Chapter 6 and Chapter 12 are the ones that matter most to you.

One thing to know about me before you read on

I am a mortgage broker, so I am paid when a mortgage funds — by the lender, not by you. That is a real bias and you should hold it in mind. What I do not have is a bias between lenders: my compensation does not meaningfully change based on which one you choose, and I am not owned by or exclusive to any of them. So while I have an interest in you doing something, I have no interest in steering you to a particular lender.

CHAPTER ONE

What a reverse mortgage actually is

A reverse mortgage is a loan secured against your home, like any other mortgage. Two things make it different: you are not required to make monthly payments, and nothing is repaid until you sell the home or move out permanently.

That is genuinely the whole concept. The interest that you would ordinarily pay each month is instead added to the balance, which grows over time rather than shrinking. When the home is eventually sold, the accumulated balance is repaid from the proceeds and whatever is left belongs to you or to your estate.

The name causes confusion. Nothing is running backwards. It is called a reverse mortgage because a conventional mortgage balance falls as you pay it down, while this one rises as interest accrues. That is the only sense in which anything is reversed.

55+	Up to 55%	$0	Tax-free
Minimum age, every owner on title	Of appraised value	Required monthly payments	Loan proceeds, not income

You remain the owner

This is the point most worth being clear about. Your name stays on the title. The lender registers a charge against the property, exactly as your bank did when you first bought the home. Ownership does not transfer, the lender does not become a co-owner, and nobody gains the right to enter or sell your home while you live there.

Three ways to take the money

- **A single lump sum.** Most common where there is a specific purpose — clearing an existing mortgage, funding renovations, or helping family.
- **Scheduled advances.** A set amount monthly or quarterly, which functions like a top-up to your pension income. Because you only draw what you need, interest accrues more slowly than on an equivalent lump sum.
- **A combination.** Some now, the remainder available later. In practice this is what most people choose.

> **Why the structure matters more than people expect**
>
> Taking $250,000 as a lump sum and drawing $2,000 a month for ten years both put roughly the same money in your hands, but the lump sum accrues far more interest, because the full amount compounds from day one. If you do not need all of it immediately, scheduled advances are usually the cheaper choice. This is the sort of thing that is easy to get wrong on your own and costs real money.

What you still have to do

There are no payments, but there are obligations, and they are not trivial. You must keep the property taxes current, keep the home insured, and maintain it in reasonable condition. It must remain your primary residence. These are the same conditions attached to any mortgage — the difference is that here they are the *only* conditions, and meeting them is entirely within your control.

CHAPTER TWO

Whether you qualify

Qualifying for a reverse mortgage has little to do with your finances and a great deal to do with your home. For people who have been turned down for a line of credit on income grounds, this often comes as a surprise.

The requirements that are absolute

- **Every person on title must be at least 55.** Not the average, not the older one — every single owner. If you are 62 and your spouse is 53, you do not qualify yet. There are no exceptions to this in Canada.
- **It must be your primary residence.** The home you actually live in. Rental properties, second homes, and cottages do not qualify.

What lenders assess

Approval turns on the property and on your age. Specifically: the appraised value, the type of property, its condition, its location, and the age of the youngest owner. A detached home in a major centre supports a larger advance than a rural property or an unusual build.

What lenders do not require

There is no income test in the way a conventional mortgage has one, no debt-service ratio calculation, and no minimum credit score threshold of the kind that gets people declined elsewhere. Lenders will typically confirm you can cover taxes and insurance, and existing arrears may need addressing, but a modest pension income does not disqualify you. This is precisely why the product exists: it serves people who are asset-rich and income-limited, whom conventional lending is poorly suited to.

> **If you are under 55**
>
> Every true reverse mortgage in Canada requires all owners to be 55 or older. However, there are home equity products outside that category — Fraction being the main one — with no age minimum at all, which can achieve something broadly similar. The terms differ in important ways, notably a shorter maximum term, so it is not a straight substitute. It is worth asking rather than assuming you have no options.

Property types, roughly ranked

PROPERTY TYPE	TYPICAL TREATMENT
Detached home, urban or suburban	**Straightforward with every lender**
Semi-detached and townhouse	**Generally straightforward**
Condominium	Usually fine, subject to the building itself qualifying
Rural or acreage	Possible, but expect a lower advance and fewer lenders
Mobile, leasehold, life lease, co-op	**Frequently declined; needs checking case by case**
Rental, second home, cottage	**Not eligible — must be your primary residence**

If your property sits in one of the lower rows, that is a reason to ask rather than to assume. Lenders differ considerably here, and one declining does not mean all will.

CHAPTER THREE

How much you can access

The ceiling across Canadian reverse mortgages is 55% of your home's appraised value. Where you fall below that ceiling is driven mostly by one thing: your age.

The logic is straightforward once you see it. The lender is not paid back until you leave the home, so the length of time the balance will compound is the central risk. A 60-year-old may hold the loan for thirty years; an 80-year-old, considerably less. So the younger you are, the smaller the proportion a lender will advance.

Roughly what to expect by age

AGE OF YOUNGEST OWNER	MAINSTREAM PRODUCTS	HIGHER-ACCESS PRODUCTS	ON A $900,000 HOME
55	17%	25%	$153,000 – $225,000
60	22%	31%	$198,000 – $279,000
65	28%	38%	$252,000 – $342,000
70	34%	44%	$306,000 – $396,000
75	41%	50%	$369,000 – $450,000
80	47%	55%	$423,000 – $495,000
85+	52%	55%	$468,000 – $495,000

Illustrative ranges only, not offers or quotes. The lower column reflects mainstream pricing; the upper reflects products that advance more in exchange for a higher rate. Your actual figure requires a lender assessment and an appraisal. Verify current figures before relying on them.

What else moves the number

- **Your co-borrower's age.** The calculation follows the youngest owner, so a younger spouse reduces the advance.
- **Where you live.** Major urban markets support more than small towns, because the lender is also forecasting how easily the property will sell years from now.
- **Property type and condition.** See Chapter 2.

- **Life expectancy factors.** Some lenders take sex into account, since it correlates with how long the balance is likely to compound. A woman may be offered slightly less than a man of identical age on an identical home. It is actuarial rather than arbitrary, but it does surprise people.

Your existing mortgage comes off the top

A reverse mortgage must sit in first position, so any existing mortgage or line of credit is repaid from the proceeds before you receive anything. If your home is worth $900,000, you are 70, and you owe $120,000, then on the mainstream figure above you would access roughly $306,000, of which $120,000 clears the existing debt and about $2,300 covers set-up costs — leaving in the region of $183,700 in tax-free cash, and eliminating your monthly mortgage payment at the same time.

The cash is not the only benefit

In the example above, the client also stops making a monthly mortgage payment. If that payment was $1,400, the improvement to monthly cash flow is worth $16,800 a year — which for many people matters more than the lump sum. When you weigh a reverse mortgage, weigh both.

CHAPTER FOUR

What it costs

This is the chapter to read slowly. A reverse mortgage is more expensive than conventional borrowing, and the reason it is worth understanding properly is that the cost is not paid monthly — so it is easy to overlook until it is substantial.

The interest rate

Reverse mortgage rates run higher than conventional mortgage or line-of-credit rates. You are paying for three things: qualification without income, no obligation to make payments, and certainty that the lender cannot call the loan while you live there. That combination has genuine value, and it has a price.

Rates move constantly, and both fixed and variable options exist across terms. Any specific number printed in a guide like this would be out of date within weeks, so I have deliberately not quoted one. Ask for current rates from every lender at the time you are deciding — and ask what the rate reverts to at renewal, not just the promotional figure.

Set-up costs

COST	TYPICAL	NOTES
Lender processing fee	$1,650 – $1,800	Varies by lender; sometimes negotiable
Appraisal	~$350	Higher for rural or unusual properties
Independent legal advice	~$300+	Your own lawyer, and required — see below
Total, typically	$2,300 – $3,000	Normally deducted from the advance, not paid out of pocket

Indicative figures gathered from lender-published information; confirm current costs, which differ meaningfully between lenders and by the lawyer you engage.

You do not pay me a fee. Mortgage brokers in this space are compensated by the lender when the mortgage funds.

The compounding, shown honestly

Because no payments are made, interest is added to the balance and then earns interest itself. Over a long period the effect is significant. On a $250,000 advance at an assumed 6.5%,

compounded semi-annually:

AFTER	BALANCE OWING	OF WHICH INTEREST
5 years	$344,224	$94,224
10 years	$473,959	$223,959
15 years	$652,592	$402,592
20 years	$898,550	$648,550

Assumes a single up-front advance, no voluntary payments, and a constant 6.5% rate throughout — an illustration of the mechanism, not a forecast. Rates change and few people hold a loan untouched for twenty years.

Roughly speaking, at 6.5% the balance doubles every eleven years or so. That is the honest cost of not making payments, and it is why Chapter 6 — what is left for your family — deserves attention.

> **You can slow this down**
>
> Most lenders permit voluntary interest payments without penalty. Paying some or all of the interest each year holds the balance flat or nearly so, while you keep the right to stop whenever you like. If you have the cash flow to do it, it is often the best of both arrangements, and few people realise it is available.

Prepayment charges

If you repay early, a prepayment charge may apply. These vary more between lenders than almost anything else, and they typically decline the longer you hold the loan. Many lenders waive them entirely on a move to long-term care or on the death of the borrower. If there is any real chance you will sell within five years, prepayment terms should drive your choice of lender more than the interest rate does.

CHAPTER FIVE

The lenders, and how they differ

Most people assume a reverse mortgage is one product from one bank. It is not. Several lenders compete in Canada, and they differ enough that choosing between them is the most valuable part of the exercise.

CHIP

HomeEquity Bank

The original and best known, offered as the CHIP Reverse Mortgage. A Schedule I bank with the longest track record in this market, national reach, and a wide range of terms. Frequently the default choice, which does not automatically make it the right one for you. **homeequitybank.ca**

EQB

Equitable Bank

Offers Reverse Mortgage Flex, Flex Lite, and Flex PLUS. Flex and Flex Lite start at age 55, while Flex PLUS requires age 70 but can release more equity. Available in Ontario, Alberta, British Columbia and Quebec, and often competitive on rate for a straightforward file. **equitablebank.ca**

HT

Home Trust

Their EquityAccess reverse mortgage is available to homeowners 55 and older through mortgage brokers only — you cannot walk into a branch and ask for it. Lump sum, or combined lump sum and scheduled advances, from a $25,000 minimum, in Ontario, Nova Scotia, Alberta and British Columbia. **hometrust.ca**

Bloom

Bloom Finance

A specialist reverse mortgage lender operating in Ontario, Alberta and British Columbia, with transparent flat set-up fees of roughly $2,300 covering processing, appraisal and the legal advice certificate. Their pricing structure suits certain profiles well. **bloomfin.ca**

Fraction

Fraction

Strictly not a reverse mortgage, which is precisely its usefulness — a home equity product with no age minimum, so it can work when you are too young to qualify anywhere else. Open terms with no prepayment penalty, though the term runs up to five years rather than indefinitely. Ontario, Alberta and British Columbia. **fraction.com**

What actually differs between them

- **How much they will advance.** The same home at the same age can produce materially different figures.

- **Rate against access.** The lender offering the most money is rarely the cheapest. The question is whether the extra access justifies the extra cost in your case.
- **Prepayment charges.** The widest variation of all, and the one most likely to cost you if circumstances change.
- **Age rules.** Some start at 55, one at 70 in exchange for more equity, one has no minimum.
- **Set-up costs.** Over a thousand dollars of spread between lenders.
- **Scheduled advances.** Not every lender handles ongoing monthly income equally well.
- **Property and province.** Coverage and appetite differ; not everyone lends everywhere or on everything.

Do not apply to one lender and stop

The single most expensive mistake in this market is taking the first offer, usually from the most heavily advertised name. Going to a broker who can approach all of them costs you nothing extra, because compensation comes from the lender either way. There is no version of this where shopping the file leaves you worse off.

CHAPTER SIX

What happens to your equity

This is the question almost every client asks within the first ten minutes, usually phrased as: will there be anything left for my children?

Two things happen simultaneously. The loan balance grows as interest compounds, and the home's value changes with the market. Your equity is the gap between them, and whether that gap widens or narrows depends on which grows faster.

A worked example

A $900,000 home, a $250,000 advance, an assumed 6.5% interest rate, and assumed appreciation of 3% a year:

YEAR	HOME VALUE	BALANCE OWING	YOUR EQUITY
Today	$900,000	$250,000	$650,000
5	$1,043,347	$344,224	$699,123
10	$1,209,525	$473,959	$735,565
15	$1,402,171	$652,592	$749,579
20	$1,625,500	$898,550	$726,950
25	$1,884,400	$1,237,209	$647,191

An illustration under fixed assumptions, not a forecast. Appreciation is not steady in reality, and a different rate or a weaker market changes the picture substantially. Run it with 0% appreciation to see the pessimistic case.

Under these particular assumptions equity actually *rises* for roughly the first fifteen years, because 3% growth on $900,000 initially outpaces 6.5% growth on $250,000. It then begins to erode as compounding takes hold. Change the assumptions and the story changes: at 0% appreciation, equity falls from the outset.

> **The honest reading of that table**
>
> Do not take away "equity goes up." Take away that the outcome depends heavily on the housing market and on how long the loan runs, and that a smaller advance held for fewer years is far gentler on your estate than a large one held for decades. The assumptions matter more than the product does.

The No Negative Equity Guarantee

Canadian reverse mortgages carry a protection worth understanding properly. Provided you have met your obligations — taxes, insurance, maintenance, primary residence — neither you nor your estate will ever owe more than the fair market value of the home at the time it is sold.

If the balance has grown beyond what the home fetches, the shortfall is the lender's, not your family's. Your children cannot inherit a debt from this. That is the single most common fear about reverse mortgages, and it is the one that Canadian products most clearly address.

What your family can actually do

- **Sell and keep the difference.** The balance is repaid from the proceeds; the remainder goes to the estate.
- **Keep the home.** They can repay the balance from other funds, or take out their own mortgage against the property and keep it in the family.
- **Take their time.** Estates are typically given a reasonable period to settle rather than being forced into an immediate sale, though the specific window varies by lender — a fair question to ask up front.

> **Tell your family**
>
> The most avoidable source of grief here is not financial. It is adult children discovering a reverse mortgage after a parent has died, and feeling that something was concealed. The product is straightforward to explain; a surprise is not. I am glad to walk your family through it on the same call, and I would encourage it.

CHAPTER SEVEN

Tax, OAS and GIS

For many retirees this is the strongest argument in favour, and it is also the least understood. The money from a reverse mortgage is not income.

You are borrowing against an asset you already own. Borrowed money is not income, so it does not appear on your tax return, does not increase your taxable income, does not affect your marginal rate, and does not count toward any income-tested benefit.

What that means in practice

	$50,000 FROM A RRIF	$50,000 FROM A REVERSE MORTGAGE
Added to taxable income	**Yes, the full amount**	**No**
Income tax payable	**Yes, at your marginal rate**	**None**
Counts toward OAS clawback	**Yes**	**No**
Affects GIS eligibility	**Yes**	**No**
Cost incurred	Tax, plus loss of future tax-sheltered growth	Interest, compounding against your equity

A simplified comparison to illustrate the mechanism. Your own position depends on your full income picture — confirm with your accountant.

Neither column is free. The RRIF withdrawal costs you tax now and shrinks a tax-sheltered account; the reverse mortgage costs you interest and reduces your equity. The point is that they are different *kinds* of cost, and which is cheaper depends on your marginal rate, whether you are near the OAS threshold, and how long the loan will run.

Where this matters most

- **Near the OAS clawback threshold.** Once past it, OAS is reduced by 15 cents per additional dollar of income. Drawing tax-free proceeds instead of registered funds can keep you below the line, and the effective saving is often larger than people expect.

- **Receiving GIS.** GIS is sharply income-tested, and additional taxable income can reduce it steeply. Because reverse mortgage proceeds are not income, GIS is unaffected. For lower-income seniors this can be the single most valuable feature of the product.
- **Sequencing withdrawals.** Using home equity in some years and registered funds in others gives you control over which years are high-income ones. Over a full retirement, that control has real value.
- **A weak market.** Selling investments after a downturn locks in losses and may trigger capital gains. Borrowing against the home instead lets the portfolio recover.

> **Please involve your accountant**
>
> This chapter describes how the product is treated; it is not advice about your return. Thresholds and rules change, and the interaction with pension splitting, the age credit and provincial benefits is genuinely intricate. Anyone who tells you the tax answer without seeing your return is guessing.

CHAPTER EIGHT

The alternatives, compared

A reverse mortgage is one of four ways to get at the money in your home. It is the right one for a minority of people, and knowing which minority is the whole exercise.

	REVERSE MORTGAGE	HELOC	REFINANCE	SELL & DOWNSIZE
Monthly payments	**None**	Interest, monthly	Principal & interest	**None**
Stay in your home	**Yes**	**Yes**	**Yes**	**No**
Income qualification	**Minimal**	**Full review**	**Full review plus stress test**	**None**
Can the lender reduce or call it?	**No, while terms are met**	**Yes**	**No**	—
Interest rate	**Highest of the three loans**	Variable, prime-based	**Lowest**	—
Balance over time	**Grows**	Flat if interest is paid	**Shrinks**	—
Up-front cost	$2,300 – $3,000	**Often minimal**	Appraisal, legal, possible penalty	**Commission, land transfer tax, moving**
Effect on OAS / GIS	**None**	**None**	**None**	**None on a principal residence**

Reading that table properly

If you qualify for a HELOC or a refinance and can comfortably handle the payments, one of those is almost certainly cheaper. That is the honest headline, and any broker who does not say it to you is not being straight with you.

The case for a reverse mortgage rests on the things the table shows it winning: no payment obligation, minimal income qualification, and the lender's inability to call the loan. If none of those constraints apply to you, you are probably paying a premium for protection you do not need.

Two comparisons deserve particular attention:

- **Against a HELOC.** A HELOC is cheaper, but it is demand credit: the lender can reduce your limit or call the balance, and lenders have done exactly that during downturns. Requiring monthly interest also means it can become unaffordable precisely when your circumstances worsen. For someone on a fixed income with no capacity to absorb that, the reverse mortgage's certainty is worth genuine money.
- **Against downsizing.** Selling is often the financially superior answer, and it is under-considered because moving is unpleasant. But add it up honestly: commission, land transfer tax on the next purchase, legal fees, and moving costs frequently consume $80,000 or more — before considering whether a smaller home in the same area actually releases much capital. And if you do not want to leave, that is a legitimate reason, not a financial error.

CHAPTER NINE

Six myths worth clearing up

Reverse mortgages carry more baggage than almost any financial product in Canada. Much of it originates with older American products that worked differently.

“The bank ends up owning my home.”

THE REALITY

You remain on title as the owner throughout. The lender registers a charge against the property, exactly as with any mortgage. Ownership does not transfer, and no lender acquires the right to occupy or sell your home while you live in it.

“My children could be left owing more than the house is worth.”

THE REALITY

The No Negative Equity Guarantee prevents this. Provided you met your obligations, neither you nor your estate will ever owe more than the home's fair market value on sale. Any shortfall is the lender's.

“I could be forced out of my home.”

THE REALITY

Not while it remains your primary residence and you keep up taxes, insurance and maintenance. There is no payment to miss, because none is required. This is meaningfully more secure than a HELOC, which a lender can reduce or call.

“It will cut my OAS or my GIS.”

THE REALITY

It will not. The proceeds are borrowed funds rather than income, so they are not reported on your return and do not count toward income-tested benefits. As Chapter 7 sets out, this is often a reason to choose it.

“It is a last resort for people who have run out of options.”

THE REALITY

It was marketed that way for years and the reputation stuck. It is now used deliberately by people with substantial assets, as a tax and cash-flow tool — to avoid selling investments in a downturn, or to manage the timing of registered withdrawals.

“I will be locked in with no way out.”

THE REALITY

You can repay at any time, and you can sell whenever you like. Prepayment charges may apply in the early years, they generally decline over time, and many lenders waive them on a move to long-term care or on death. Ask for the specific schedule before you sign — it varies widely.

The myth that is actually true

One thing you have heard is correct: it is expensive, and the balance grows. Anyone who waves that away is selling. The right response is not to dismiss the concern but to size it — which is what Chapters 4 and 6 are for.

CHAPTER TEN

When a reverse mortgage is the wrong choice

I would rather talk you out of a reverse mortgage you should not have than arrange one you will regret. Here is how I actually assess it.

✓ Often a good fit if...

- You intend to stay in the home long term, and you are confident about that.
- You have substantial equity but limited income, so a HELOC or refinance is out of reach.
- Monthly payments would strain your cash flow even if you could qualify.
- You are managing around the OAS clawback or GIS, or want to delay drawing registered savings.
- Selling investments now would realise losses or a large tax bill.
- Your family understands the plan and is comfortable with a smaller inheritance.
- You want certainty that no lender can reduce or call the facility.

✗ Probably the wrong tool if...

- You may sell or move within about five years. Set-up costs and early prepayment charges make short holds expensive.
- You comfortably qualify for a HELOC or refinance and can manage the payments. Those cost less.
- Leaving the home to your children mortgage-free is a firm, non-negotiable priority.
- You need only a small sum for a short period. The fixed costs do not justify it.
- You cannot sustain property taxes, insurance and maintenance, which are required regardless.
- It would fund ongoing overspending rather than solve a defined problem. It postpones that problem at a cost.
- Someone is pressuring you, or you feel rushed. Always a reason to stop.

Two situations that warrant particular caution

You are at the younger end

At 55 or 60 you can access the least and the balance has the longest time to compound — the worst combination. A 58-year-old taking a lump sum may see it quadruple by 80. Sometimes it is still right, but it deserves a harder look than the same decision at 75, and waiting a few years often improves the terms considerably.

Someone else is pushing for it

If the pressure to release equity is coming from a family member who would benefit from the money, stop. Take independent advice from someone with no stake. Your lawyer at the

independent legal advice stage exists partly for this reason, and it is a genuine safeguard — use it.

> **A reasonable test**
>
> If you cannot explain in a sentence or two what problem the money solves, it is probably too early. "It will let me stay in this house and stop worrying about the roof" is a good answer. "It seemed like available money" is not.

CHAPTER ELEVEN

The process, step by step

Typically two to four weeks from first conversation to funds in your account. Nothing is committed until you sign, after your own lawyer has reviewed it with you.

1. **A conversation — about 20 minutes**

   What you need the money for, roughly what the home is worth, your age, and what else you have to work with. If a reverse mortgage is not the right answer, this is where you should hear so. No application, no credit check, no cost.

2. **Real numbers from every lender — a few days**

   Your situation goes to each lender in the market and comes back as actual amounts, rates, and costs in writing. This is the step to insist on. Comparing real offers, rather than estimates, is where the money is made or lost.

3. **You choose — take your time**

   Nothing is binding yet. Discuss it with your family, your accountant, your financial planner. If you want me on a call with any of them, that is normal and welcome.

4. **Application and appraisal — one to two weeks**

   Paperwork goes in and an appraiser visits the home to confirm its value. The appraisal can move the final figure up or down, which is why earlier numbers are always estimates.

5. **Independent legal advice — required**

   Your own lawyer, not the lender's, reviews the mortgage with you and confirms you understand it. This is a requirement, not a formality, and it is there for your protection. Ask every question you have; that is what the appointment is for.

6. **Funding**

   Once signed, funds are advanced — lump sum, scheduled advances, or both. Any existing mortgage is discharged at this point and set-up costs are deducted, so you receive the net amount.

What should never happen

You should never be asked to sign on a first meeting, feel rushed by a deadline, be discouraged from involving family or your own lawyer, or be given a single lender's offer with no comparison. Any of those is a reason to walk away, whoever you are dealing with.

CHAPTER TWELVE

Fifteen questions to ask before you sign

Take these to any broker or lender, including me. The answers should be specific and in writing. Vagueness on any of them is informative in itself.

- [ ] **Which lenders did you approach, and what did each one offer?**
  If the answer is one lender, you are not being shopped. Ask to see all of them.
- [ ] **What is the interest rate, and is it fixed or variable?**
  Get the term as well, and whether the rate is promotional.
- [ ] **What does the rate become at renewal?**
  Frequently overlooked, and it matters a great deal over a long hold.
- [ ] **What are the total set-up costs, itemised?**
  Processing, appraisal, legal. Ask which are negotiable.
- [ ] **Exactly what is the prepayment charge, by year?**
  Ask for the schedule. This is the most variable term between lenders.
- [ ] **Is the prepayment charge waived for long-term care or on death?**
  Many lenders do waive it. Confirm in writing rather than assuming.
- [ ] **Can I make voluntary interest payments without penalty?**
  If yes, you can hold the balance flat. Few people are told this.
- [ ] **Show me the balance at 5, 10, 15 and 20 years.**
  In writing. If someone is reluctant, that tells you something.
- [ ] **What happens to my spouse if I die first?**
  Confirm both spouses are on title. This is critical and occasionally missed.
- [ ] **How long does my estate have to settle the loan?**
  Varies by lender. Your executor will be glad you asked.
- [ ] **Is the No Negative Equity Guarantee in the documents?**
  It should be written down, not merely described to you.
- [ ] **What obligations could put me in default?**
  Taxes, insurance, maintenance, primary residence. Get the specifics.

- [ ] **Can I move to scheduled advances later, or take more out?**
  Flexibility differs, and your needs will change.
- [ ] **How are you paid, and does it vary by lender?**
  You are entitled to ask. The answer should be a straight one.
- [ ] **What would you advise if this were your own parent?**
  The most revealing question on the list.

And one for yourself

Have I told my family? Not because you need permission — it is your home and your decision. But because the people who will eventually deal with your estate should not be learning about this from a lawyer.

NEXT STEPS

If you'd like a real number



Jeremy Enwright, CFA

MORTGAGE BROKER · FSRA #M11000495

I have worked in mortgages since 2003 — at major banks, servicing companies and wealth management firms — and I am a CFA charterholder, which is unusual for a mortgage broker and relevant here. A reverse mortgage is not really a mortgage decision. It is a retirement income decision that touches your taxes, your benefits, the order in which you draw down your savings, and what you leave behind.

I teach a continuing-education course on reverse mortgages to financial planners across Ontario, and I have been interviewed by The Globe and Mail on how retirees use them. I mention it only so you know you will get the mechanics rather than a pitch.

Everything in this guide is general. Your actual figure depends on your home, your age, your city and an appraisal, and the only way to know it is to ask. That conversation is free, it involves no application and no credit check, and if a reverse mortgage is not right for you I will say so — which is worth as much as the alternative.

One conversation, and you'll know where you stand

I'll come back with what each lender will actually do for you, side by side and in writing. Bring your family, your accountant, or your financial planner — all welcome.

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IMPORTANT INFORMATION

Disclaimers

This guide is educational, not advice

Everything in this document is general information about how reverse mortgages work in Canada. It is not financial, tax, legal, estate, or mortgage advice, and it does not take account of your circumstances. Nothing here is an offer of credit, a rate guarantee, or a commitment to lend. A reverse mortgage affects your taxes, your government benefits, and your estate, so please review your own position with your accountant, your lawyer, and your financial advisor before acting.

Figures are illustrations

All amounts, percentages, rates, fees, tables and worked examples are illustrative, are used to demonstrate how the mechanics work, and are not quotes. The age-to-value ranges in Chapter 3 are approximations of typical market ranges, not any lender's published table; actual amounts are determined by the lender following a full application and appraisal, and depend on factors including your precise age, a co-borrower's age, your location, and property type and condition. Interest rates and fees change frequently and vary by lender. Confirm all current figures directly before relying on them.

The nature of the product

A reverse mortgage carries a higher interest rate than a conventional mortgage. Because payments are not required, the outstanding balance grows over time and reduces the equity remaining in your home, which reduces the amount available to you or your estate later. Property taxes, home insurance and property maintenance remain your responsibility, and the home must remain your primary residence. Prepayment charges may apply. Product availability, terms and protections vary by lender and by property. Independent legal advice is required before a reverse mortgage funds.

Third parties

Lenders are named for information only. I am not owned by, exclusive to, or acting as an agent for any of them, and naming them is not an endorsement or a representation about their current terms. Details cited were accurate to publicly available information at the time of writing and may since have changed.

Licensing

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