

Blue JODY BLUE

FREE GUIDE

Your home, *your* retirement.

A plain-English guide to reverse mortgages for homeowners 55+ on Vancouver Island.

From your local reverse mortgage expert, who will meet you in your home.

Jody Blue, Mortgage Expert

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Let's talk about the money *in your walls*

For most people I meet in Parksville, Qualicum Beach and across the Island, their home is their biggest asset. Many have worked hard to pay it off, and now find they're house-rich but a little cash-tight.

A reverse mortgage is one way to use some of that value without selling the home you love or taking on a monthly payment. It isn't right for everyone, and I'll always tell you when I think another option fits you better.

I wrote this guide so you can learn how reverse mortgages work at your own pace, before you ever talk to anyone. It covers what they are, what they cost, the questions people ask me most, and how they compare with other options.

I live here, and I'll come to you.

I'm a local resident, not a call centre. I'm happy to meet you in your own home, at a time that suits you, with family there too if you'd like.

Read it, share it with your family, and write your questions in the margins. Then give me a call. Ask me any questions. There's no such thing as a silly one.

Jody

Jody Blue, Mortgage Expert

The Collective Mortgage Group

What's inside

1. What a reverse mortgage is
2. Who qualifies and how much
3. An example, year by year
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What is a *reverse mortgage*?

A reverse mortgage is a loan secured by your home that lets Canadian homeowners 55+ turn part of their home's value into tax-free cash, with no regular payments required.

With a regular mortgage, you borrow a lump sum and pay it down every month. A reverse mortgage works the other way around. You receive money, interest is added to the balance over time, and the loan is repaid when you sell, move out, or after the last borrower passes away.

You keep ownership of your home.

Your name stays on the title. The lender simply registers a mortgage on it, just like any other mortgage.

Three ways to receive your money

A lump sum

All at once. Good for paying off debt, a renovation or helping family.

Advances over time

An initial amount, with more available later when you need it. Interest is charged only on what you take.

Regular income

Monthly or quarterly deposits that top up your pension and savings.

Who qualifies

- Every person on title is 55+.
- The home is your principal residence (you live there most of the year).
- You keep up property taxes, home insurance and maintenance.
- Your home meets the lender's property guidelines. Most houses, condos and townhomes qualify.

There's no income test like a regular mortgage, so it can work well for retirees on a fixed income.

HOW MUCH YOU COULD RECEIVE

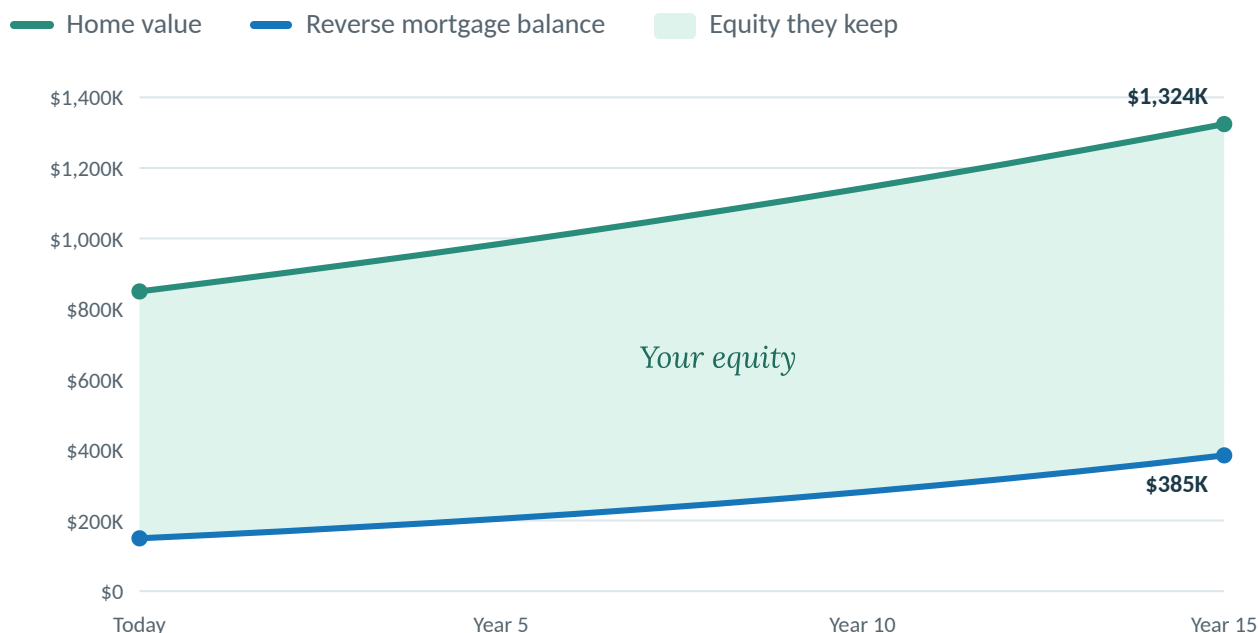
Up to about 55% of your home's value

The exact amount depends on a few things:

- **Your age**, and your partner's. The older the youngest borrower, the more you can access.
- **Your home's appraised value.**
- **Your home's type and location.**
- **The lender you choose.** I compare several for you.

An example, year by year

A couple in their early 70s owns an \$850,000 home in Parksville. They take a \$150,000 lump sum to pay off a line of credit and update the kitchen, and make no payments.



BALANCE AFTER 15 YEARS

\$385,233

HOME VALUE AFTER 15 YEARS

\$1,324,272

EQUITY THEY KEEP

\$939,039

Illustration only, not a quote. Assumes a 6.49% interest rate compounded yearly and 3% yearly growth in home value, with no other advances. If the home's value didn't grow at all, they would still keep about \$464,767 in equity. Your own numbers depend on your age, home, rate and lender.

The benefits *and the trade-offs*

A good decision starts with both sides. Here's what I tell every client.

Why people choose it

- **Stay in your home** and your community, on your terms.
- **No regular payments** for as long as you live there.
- **Tax-free cash.** It's a loan, not income, so it doesn't affect your Old Age Security or CPP.
- **You keep title.** You own your home, just as you do today.
- **You'll never owe more than your home is worth,** as long as you meet the terms, thanks to a no-negative-equity guarantee.
- **Flexible use:** pay off debt, renovate, travel, cover care costs, or help family now.

What to weigh

- **Interest adds up.** Because you aren't making payments, interest compounds and the balance grows over time.
- **Rates are higher** than a regular mortgage or a line of credit.
- **There are set-up costs:** an appraisal, independent legal advice and a lender fee. These are usually paid from the proceeds.
- **Paying it off early can cost you.** Most lenders charge a penalty if you repay in the first few years, though many allow some prepayment.
- **Less equity for your estate.** Your family receives what's left after the loan is repaid.

Every reverse mortgage requires **independent legal advice** before it's signed. That's a protection for you, and I encourage you to bring family into the conversation too.

What people *ask me most*

Will the bank own my home?

No. You keep title and ownership. The lender has a mortgage on the property, the same as any other mortgage.

Can they force me to sell?

No, as long as you live in the home, keep up property taxes and insurance, and maintain the property. The loan isn't called just because your home's value drops.

Could I owe more than my home is worth?

Not if you meet the terms of your mortgage. The lenders I work with include a guarantee that the amount owed won't exceed your home's fair market value when it's sold. (It excludes administrative costs and interest after the due date.)

What if my spouse passes away?

If your spouse or partner is also on title, they can stay in the home without making any repayment.

I still have a mortgage. Can I get one?

Yes. Any existing mortgage or secured debt is paid off first from the proceeds, which often removes a monthly payment entirely. The rest is yours to use.

What happens to my kids' inheritance?

When the home is sold, the loan is repaid and the remaining equity goes to your estate. Some people use part of it now to help family while they can see it make a difference.

Isn't this a last resort?

Not anymore. Many financial planners use a reverse mortgage alongside other savings, for example to avoid cashing in investments during a down market or to delay taxable withdrawals.

How it compares with *other choices*

A reverse mortgage is one tool among several. Here's how the common options stack up for retirees.

OPTION	MONTHLY PAYMENTS	QUALIFYING	GOOD TO KNOW
Reverse mortgage	None required	Age 55+ and your home's value; no income test	Higher rate and interest compounds; you keep your home and never owe more than it's worth
Home equity line of credit (HELOC)	At least interest, every month	Income and credit tests, like a regular mortgage	Lower rate; the bank can reduce or call the line; best for short-term needs you can repay
Refinance your mortgage	Yes, principal and interest	Income and credit tests	Lower rate, but a new monthly payment on a fixed income
Sell and downsize	None	None	Frees the most cash, but means moving, real estate and moving costs, and finding the right new home
Draw on investments	None	None	RRSP and RRIF withdrawals are taxable and can reduce OAS or GIS; selling in a down market locks in losses

Which lenders offer reverse mortgages?

In Canada, reverse mortgages are offered by a small group of lenders, including HomeEquity Bank (the CHIP Reverse Mortgage), Equitable Bank, Bloom Finance and Home Trust. As a mortgage broker, I compare them for you and explain the differences in rates, fees, prepayment options and how much each will lend on your home.

GETTING STARTED

Your next steps, *with no pressure*

- 1 Have a free, no-obligation chat in your home.** I'll come to you, at a time that suits you. We'll talk about your goals, your home and your budget. Family members are welcome to join, in person or by phone.
- 2 Get your personalized estimate.** I'll show you how much you could receive from each lender, the costs, and how the balance could change over time.
- 3 Take your time to decide.** Talk it over with your family, your financial planner and your lawyer. I'll answer every question along the way.
- 4 Appraisal, legal advice and funding.** If you go ahead, I coordinate the appraisal and paperwork. Your lawyer gives independent advice, and funds are usually ready within a few weeks.

Handy to have when we talk

- Birth dates of everyone on title
- Your latest property tax notice
- Balance on any mortgage or line of credit
- What you'd like the money to do for you

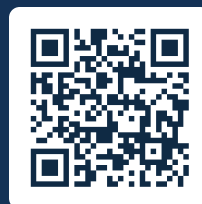
Book a visit with Jody

Your local mortgage expert. I'll meet you in your home at your convenience.

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