

Top Five Reverse Mortgage Myths



1. The bank will own my home. Not true! You will always maintain ownership, freedom to pay down, get out of, sell or Port (transfer) the reverse mortgage to another property at any time.

2. High interest rates & fees. Not true! Not to be confused with American reverse mortgages. In Canada reverse mortgages have evolved since their 1986 inception. Interest rates are not that much higher than regular mortgage rates. Currently as low as 6.74%. Furthermore, reverse mortgage providers often run promotions of reduced or no set up fees or appraisal fees.

3. I will owe more than my home is worth. Not true! All three reverse mortgage lenders in Canada use a very conservative formula to calculate the percentage of equity each applicant can access. Over the last couple of years with the slowing of housing markets and subsequently lower property values the lenders have reduced the maximum percentage of your property value they will lend.

4. I heard reverse mortgages are a last resort: Not true! In 1986 when reverse mortgages launched, they were. The big changes started in October 2009 when Home Equity Bank, the first reverse mortgage provider in Canada became a Schedule 1 Bank. This allowed them to offer competitive interest rates. The next turning point was in 2013 when Home Equity Bank launched more sophisticated products designed for long term retirement planning. Fast forward to today, homeowners across Canada have access to three competitive institutions. These institutions offer a diverse number of reverse mortgage products designed for homeowners looking for financing solutions to help fulfill their retirement.

5. I need income to qualify. Not true! Some reverse mortgage products DO NOT require any proof of income.

If you have any questions or would like me to mail or email you informative information on reverse mortgages or any other type of mortgages don't hesitate to contact me grant@grantpowell.ca or 250-486-2959.

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