

## REVERSE MORTGAGES

The truth about reverse mortgages in Canada. Written for homeowners 55+ and the adult children who care about them.

PREPARED  
BY

Shawn Selanders | RECA-Licensed Mortgage Broker | 25+ Years | 403-703-6847

# 1. What Is a Reverse Mortgage?

A reverse mortgage lets homeowners **aged 55 and older** convert a portion of their home equity into tax-free cash — **without selling their home and without making monthly payments.**

### Key facts:

- You **keep ownership** of your home
- You **continue living** in your home
- **No monthly mortgage payments** required
- The loan is repaid when you **sell, move out, or pass away**
- You can receive funds as a **lump sum, regular payments, or both**
- You can borrow up to **55% of your home's appraised value**
- Available in Canada through **HomeEquity Bank (CHIP)** and **Equitable Bank**

***Shawn's Tip:** A reverse mortgage is not for everyone. But for the right person in the right situation, it can be life-changing. My job is to help you figure out if it's right for **you**.*

# 2. The Top 10 Myths — Busted

**Myth 1:** "The bank will own my home"

**False.** You retain full ownership and title. The lender has a mortgage registered against your property, just like any mortgage. Your name stays on the title.

**Myth 2:** *"I could owe more than my home is worth"*

**Extremely unlikely.** Canadian reverse mortgages come with a **no-negative-equity guarantee**. As long as you maintain your property and meet your obligations, you'll never owe more than your home's fair market value.

**Myth 3:** *"My children will inherit nothing"*

**Usually false.** Most homeowners have significant equity remaining. Canadian home values have historically appreciated over time, often outpacing the growing loan balance. Your heirs inherit the home and any remaining equity after the loan is repaid.

**Myth 4:** *"It's a last resort for desperate people"*

**Outdated thinking.** Reverse mortgages are a legitimate financial planning tool. Financial advisors increasingly recommend them as part of a comprehensive retirement strategy.

**Myth 5:** *"The interest rates are outrageous"*

**Higher than traditional mortgages, yes. Outrageous, no.** Rates are typically 1–3% higher than conventional mortgages. You're paying a premium for the privilege of no monthly payments.

**Myth 6:** *"I have to spend the money on specific things"*

**False.** The money is yours to use however you want — home renovations, travel, supplementing retirement income, helping family, paying off debts, or simply improving your quality of life.

**Myth 7:** *"I can't qualify because I still have a mortgage"*

**False.** A reverse mortgage can **pay off your existing mortgage**, eliminating your monthly payments. Many clients use this feature specifically.

**Myth 8:** *"The process is complicated and invasive"*

**Not true.** The process is straightforward. You need to be 55+, own your home, and have sufficient equity. I handle the paperwork. You also receive independent legal advice before signing — that's a consumer protection, not a barrier.

**Myth 9:** *"I'll be forced out of my home"*

**False.** You can stay in your home as long as you live there, maintain it, and pay your property taxes and insurance. The loan only becomes due when you sell or permanently move out.

**Myth 10:** *"It's better to just sell and downsize"*

**Maybe, maybe not.** Selling means moving. Moving means leaving your neighbourhood, your community, your memories. A reverse mortgage lets you access equity **while staying put**. Both options have merit — the right choice depends on your situation.

### 3. Who Is It Right For?

A reverse mortgage may be a good fit if you:

- Are **55 or older** with significant home equity
- Want to **stay in your home** but need additional income
- Have a **fixed income** (CPP, OAS, pension) that doesn't cover your needs
- Want to **eliminate existing mortgage payments**
- Need funds for **home modifications** (accessibility, aging in place)
- Want to **help adult children** with a down payment (living inheritance)
- Have **high-interest debt** that's eating into your retirement income
- Want to **travel or improve quality of life** while you're healthy enough to enjoy it

### 4. A Note to Adult Children

If your parent is considering a reverse mortgage, here's what I want you to know:

- **This is their home and their equity.** They earned it over a lifetime of work.
- **A reverse mortgage doesn't eliminate your inheritance** — it accesses a portion of equity while they're alive to enjoy it.
- **Independent legal advice is required.** Your parent will speak with a lawyer separately before signing. This protects them.
- **I welcome your involvement.** Bring your questions. I'd rather answer 50 questions than have one person feel uncertain.
- **The alternative may be worse.** If the choice is between a reverse mortgage and your parent struggling financially, living in a home they can't maintain, or being forced to sell — the reverse mortgage preserves their dignity and independence.

***Shawn's Tip:** I always encourage families to have this conversation together. The best outcomes happen when everyone understands the product, the math, and the alternatives. No pressure. Just information.*

### 5. How Much Can You Access?

The amount depends on several factors:

Factor	Impact
Your age	Older = more equity available (up to 55%)
Home value	Higher value = larger loan amount
Location	Urban properties typically qualify for more

Property type	Single-family homes qualify for the most
Existing mortgage	Must be paid off from reverse mortgage proceeds

## Curious About a Reverse Mortgage?

No pressure. No sales pitch. Just honest answers from a broker who specialises in helping Albertans 55 and older. Bring your adult children — I welcome the conversation.

**Call or Text: 403-703-6847**

Email: [Shawn@ShawnSelanders.ca](mailto:Shawn@ShawnSelanders.ca) | Web: [ShawnSelanders.ca](http://ShawnSelanders.ca)

Shawn Selanders | RECA-Licensed Mortgage Broker | Your Local Mortgage Professionals  
614 High View Park NW, High River, AB T1V 1E5 | Licensed since 1999

This guide is for informational purposes only. Not financial advice. O.A.C. E.&O.E.