

ACTION RECOMMENDED

CBABC asks the BC Government to enact legislation that will specifically address reverse mortgages to focus on disclosure and related consumer protection measures, as outlined in the BC Law Institute's *Report on Reverse Mortgages*. This will ensure that reverse mortgage borrowers have the information they need to evaluate the merits of entering into the transaction.

ISSUE

CBABC is concerned that the disclosure statements required under the *Business Practices and Consumer Protection Act* are not broad enough and borrowers may be surprised at the large amounts owed after a period of time. This will have a negative impact on seniors, particularly vulnerable seniors, who make up a significant portion of reverse mortgage borrowers.

The BCLI Report on Reverse Mortgages recommended specific legislation addressing potential confusion regarding the cost of borrowing and the rising debt that is specific to a reverse mortgage. The BCLI report raises the concern that borrowers do not understand the implications of these rising debt loans and may not understand they may be paying interest on interest over time.

In January 2020, the BC Provincial Government began consultations on the *Mortgage Brokers Act* (MBA) as part of its efforts to combat money laundering. This consultation raised the issue of reverse mortgages, in particular, noting that while the MBA applies to reverse mortgages, it does not require any enhanced disclosure, which may be needed to protect the vulnerable populations most likely to access these products. More can be done.

WHY IT MATTERS

Boomers were born between 1946 and 1964 and are currently between the ages of 56-74. They are a large, voting demographic who will be increasingly vulnerable as they age, and are the persons eligible for a reverse mortgage. News media reports suggest that many older persons are reconsidering their retirement intentions in light of the inadequacies and dangers of care homes laid bare by the pandemic. There is concern more and more Boomers will turn to reverse mortgages as they attempt to stay in their own homes for longer (and avoid care homes).

It is expected that reverse mortgage lenders and brokers will want to capitalize on those fears in the next few years to increase uptake of reverse mortgages. While reverse mortgages may be the right choice for some, the drawbacks need to be made clear to this aging demographic before they enter into a reverse mortgage.

REFERENCE MATERIALS

[Report on Reverse Mortgages](#), British Columbia Law Institute (Feb 2006)

Links to all *Agenda for Justice 2021* reference materials are available at cbabc.org/A4Jbackground.