



Wouldn't it be nice?[®]

Discover how you
can unlock the value
in your home.



Wouldn't
it be nice
to have
the money
to...

Invest and enjoy a little extra income...

Pay off your debts...

Update your home...

Help your family...

Do more of the things you enjoy?

With a CHIP Home Income Plan, you can.

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Thank you for your interest in the **CHIP Home Income Plan**

We're very pleased to provide you with this Guide. It will help you discover how you can unlock some of the value in your home to do the things you want to do.

We are the Canadian Home Income Plan, commonly known as CHIP, and we have been in business since 1986. We are the only Canadian national financial services company exclusively dedicated to helping homeowners aged 60 or older turn the equity they have built up in their homes into tax-free cash.

CHIP Home Income Plan is provided by HomEquity Bank, a Schedule I Canadian Bank. HomEquity Bank is a subsidiary of HOMEQ Corporation, a TSX-listed company.

The made-in-Canada solution for Canadian homeowners

The CHIP Home Income Plan is designed specifically to meet the needs of Canadians like you. With over 20 years experience, we have an unmatched understanding of the goals of homeowners 60 and older and the Canadian real estate market. We have used the knowledge we've gained to create the most flexible program available anywhere.

The value of the CHIP Home Income Plan is recognized by Canada's leading financial institutions. We are very proud of the fact that CHIP is offered by all of the country's major banks, as well as many other banks, credit unions, financial planning companies and mortgage brokers. They know that CHIP has a proven track record of outstanding customer service and financial strength.

The CHIP Home Income Plan has helped thousands of people who were looking for a simple, sensible way to draw upon the equity built up in their homes. If you're comfortable in your home and don't want to sell, we can help you too. Contact us whenever you're ready and we'll help you get the money you need to enjoy life on your terms.

How this Guide can help

We know that anything to do with money deserves careful consideration, so we have created this Guide to give you a thorough and straightforward explanation of how a CHIP Home Income Plan works.

We've also included a separate CHIP Home Income Plan Fact Sheet with up-to-date information on our flexible features.

You'll find check boxes throughout that you can tick off as a reminder to ask your CHIP Representative for more information. And we've left space for notes at the back.

If you have any questions at any time, please be sure to call the toll-free number on the letter that accompanied this Guide. Your CHIP Representative will be pleased to spend as much time with you as you wish.

You are more than welcome to share this Guide with your family, friends or financial advisor and have them participate in any discussions we have. We find that some people like to get additional advice, while others are comfortable making the decisions themselves.

One thing we insist on is that you receive independent legal advice before making your final decision. This ensures that you have been well-advised about all aspects of your CHIP Home Income Plan.

Let's begin...

Ask my CHIP Representative about: _____

Understanding the CHIP Home Income Plan

A CHIP Home Income Plan is a way to turn up to 40%* of the value that is locked up in your home into tax-free cash you can use today.

Simply put, it is a loan secured by your home. The big difference with the CHIP Home Income Plan is that you do not have to make any payments – interest or principal – for as long as you or your spouse live in your home. You maintain ownership and control of your home while enjoying all the benefits of having converted some of your home's value into cash. For all these reasons, a CHIP Home Income Plan is a sound financial solution for many people.

Let's look at the CHIP Home Income Plan in more detail

- 1** **CHIP is designed exclusively for homeowners 60 and older.** This age qualification applies to both you and your spouse.
- 2** **You can receive up to 40% of your home's current appraised value based on your age and that of your spouse, and the location and type of home.** First, we give you an estimate of what you could receive. Then we confirm the exact amount after you have authorized us to proceed with an independent appraisal of your home.
- 3** **You choose how you want to receive the money.** Most people take all the money that we make available to them in one lump sum. However, you can take what you would like now and contact us later to take more, arrange for regularly scheduled advances, or choose a combination of these options.

* Some conditions apply.

Ask my CHIP Representative about: _____

4 You receive the money tax-free. Because this is a loan based on your principal residence, the money you receive is not added to your taxable income. That means it doesn't affect Old Age Security (OAS) or Guaranteed Income Supplement (GIS) government benefits you may receive.

5 No payments are required while you or your spouse live in your home. This can make a big difference to the level of cash flow you enjoy. It's also what makes a CHIP Home Income Plan unique and so attractive to so many people.

If you borrow money any other way, you have to make monthly payments. With CHIP, no payments are required until you choose to move or sell. The interest is simply added to the outstanding balance and is compounded semi-annually. The full amount only becomes due when your home is sold or if you move.

6 You maintain ownership and control of your home. Your home stays in your name and the decision about when to move or sell is entirely up to you. You will never be asked to move or sell to repay your CHIP Home Income Plan. All that's required is that you maintain your property and stay up-to-date with property taxes, fire insurance and any condominium or maintenance fees.



Ask my CHIP Representative about: _____

7 You keep all the equity that is left in your home. In our many years of experience, over 99.9% of homeowners have money left over when their CHIP Home Income Plan is repaid. And on average, the amount left over is more than 50% of the value of the home when it is sold. That's money you could use for a retirement residence, long-term care or anything else you wish.

The reasons for this remaining equity are:

- The conservative limit (up to 40%*) we put on the amount that is made available to you;
- The fact that most homes continue to grow in value.

If you decide to proceed, your CHIP Representative will show you how much equity you could have left based on the estimated value of your home today and how long you stay in your home.

8 Your estate is fully protected. We guarantee that the amount to be repaid will never exceed the fair market value of your home at the time it is sold. You can rest assured that your CHIP Home Income Plan will not be a burden to your heirs.

After your CHIP Home Income Plan is repaid, you or your estate keeps everything that remains from the sale of your home. If your heirs want to keep your home, they can repay the CHIP Home Income Plan from other funds you leave them, from their own funds or by taking out a mortgage at their financial institution.

9 You can save on taxes. If you decide to use the money you receive to buy non-registered investments such as GICs and mutual funds, you may be able to deduct the CHIP Home Income Plan interest charges from the income those investments earn. The exact amount of interest will be shown on the annual statement you will receive from CHIP. Be sure to consult a financial or tax advisor.

* Some conditions apply.

Ask my CHIP Representative about: _____

10 It's easy to qualify. We do not ask for any income or health information as there are no minimum income requirements and medical conditions have no effect on eligibility.

Requesting an estimate directly from CHIP, or through your financial advisor at most of Canada's leading financial institutions, is the easiest way to confirm that you qualify.

If you have not yet received an estimate, these are the eligibility requirements that apply:

- You and your spouse are age 60 or older.
- Your home is your principal residence.
- Your type of home is eligible for a CHIP Home Income Plan.
- Your home is located in an area where CHIP Home Income Plans are available.
- Any borrowing secured by your home (e.g., mortgage or home equity line of credit) is less than the funds available from CHIP.



Ask my CHIP Representative about: _____

Finding the right balance between home equity and savings

Thinking about your assets as a pie that you've worked hard to make can help you see how a CHIP Home Income Plan can enhance your financial situation.

Part of the pie is made up of the equity in your home and the other part is the money you've saved. Chances are, the value of your home has grown significantly over the years and now makes up the biggest part of the pie. While knowing that your home is worth a great deal of money is nice, the reality is that it can't give you more income. Only your savings can do that.

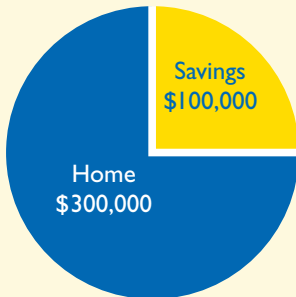
A CHIP Home Income Plan lets you change the home equity and savings balance by turning some of that equity into cash. As the illustrations below show, your pie is still the same size. It's just sliced a little differently to give you the money you want.

We suggest consulting your financial advisor to determine the asset balance that's right for you.

Rebalancing assets of \$400,000

BEFORE

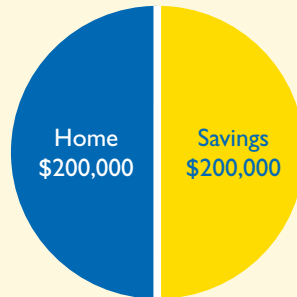
a CHIP Home Income Plan



This couple has a home that's risen in value to \$300,000 and the savings they count on for income are \$100,000. They could use some additional money to build their savings and provide extra income every month.

AFTER

a CHIP Home Income Plan



By converting just some of the equity in their home into cash, they've doubled their savings. They still have \$400,000 in total assets; it's just been sliced differently to give them what they want.

Use the money any way you want

When you receive money from a CHIP Home Income Plan, you can use it any way you want. It's helpful to find out why other homeowners decided on a CHIP Home Income Plan and how they used their money from CHIP. So we'd like to share some of those stories with you.

We are committed to maintaining our clients' privacy. These stories have been created from a cross-section of experiences. We have not used real names or the personal financial information of any individual.

Investing in themselves

Victoria and Simon A. were comfortable enough, but wished they had a little extra income to enjoy in retirement. The homes in their neighbourhood had appreciated so much, they felt it was an excellent time to put some of their equity to work. Their financial advisor showed them how investing \$125,000 from a CHIP Home Income Plan could increase their cash flow every month, and how the interest could work as a tax deduction against what their investments earned. They are enjoying a night out more often now, and are pleased that the investment they made will eventually be passed on to their children.



Ask my CHIP Representative how this might apply to my situation.

Eliminating debt worries

Mary C. was concerned that she might have to sell her two-bedroom condo that she loved so much. She received close to \$1,750 a month in government benefits and retirement income. But her mortgage payments of \$510 a month plus condo fees and other debts were making it difficult to manage her budget. A friend



suggested she look into a CHIP Home Income Plan. With money from CHIP, Mary eliminated all her debts, and had enough left over to invest \$15,000 to create extra income for herself every month. She is delighted now that the financial pressure has lifted and she can stay in her home worry-free for as long as she likes.

Ask my CHIP Representative how this might apply to my situation.

Upgrading their home

Harry and Yvonne D. had no intention of moving – their home was exactly the way they wanted it, except for the old-fashioned kitchen. They considered taking money out of their non-registered investments to pay for the upgrades or making a larger RRIF withdrawal, but their financial advisor



pointed out that taxes would eat up almost 40% of the withdrawal and it could reduce their government benefits. Their income from those investments would also drop considerably. Together, they explored the options and decided on a CHIP Home Income Plan. Today, Yvonne and Harry are pleased that improving their kitchen didn't eat away at their investments.

Ask my CHIP Representative how this might apply to my situation.

Making an educated choice

Steve R. wanted to help his grandson achieve his dream of becoming an engineer. However, he wasn't sure where the money would come from as his home was sorely in need of repair and was getting costly to maintain. Steve's neighbour, who already had a CHIP Home Income Plan, suggested Steve look into getting one as well. With CHIP, Steve was able to unlock \$92,000 of his home equity. He gave his grandson \$24,000 for tuition fees, made the needed upgrades to his home and invested the balance of the money to increase his monthly income.



Ask my CHIP Representative how this might apply to my situation.



Travelling more often

Recently retired, Rhonda W. was eager to start travelling more often and explore parts of the world she'd never seen before. She knew she had a lot of value tied up in her home, but was surprised when she discovered how much. After consulting her daughter, they determined that instead of cashing in investments, it made sense for her to take a CHIP Home Income Plan and invest the majority of the funds to add to her retirement savings. The extra income she earns from her new investments gives Rhonda the freedom to travel, and she can also cover the cost of future jaunts to visit her children and their families.

Ask my CHIP Representative how this might apply to my situation.

These are just some of the many ways people have used a CHIP Home Income Plan to enjoy life on their terms. There are no restrictions on how you choose to use the money, with one exception – if you have any outstanding loans secured by your home, such as a mortgage or home equity line of credit, they must be repaid with your CHIP funds. Any remaining money is yours to use as you wish.

You should also know...

Please see the enclosed Fact Sheet for details on the features below –

You can choose your interest rate option

We give you the most flexibility with the choice of variable and fixed interest rate options.

Your CHIP Representative can give you the current rates or you can find them at www.chip.ca

Set-up costs

Set-up costs cover the fees for an independent home appraisal and independent legal advice, as well as legal and closing costs.

You can lower your borrowing costs with interest rate discounts

Our unique interest rate discounts can significantly lower your borrowing costs, saving you thousands of dollars over the long term.

You have a number of payment options

No principal or interest payments are required for as long as you or your spouse live in your home. The full amount only becomes due when you and your spouse pass away, when your home is sold or if you both move out. If you wish, you can repay the principal and interest in full at any time or pay interest on an annual or monthly basis.

Ask my CHIP Representative about: _____

When you're ready to proceed, we're here to help

It can be just a matter of days from the time you request an estimate to the day you receive the money from your CHIP Home Income Plan. Here's a look at the six simple steps along the way:

Step 1

If you haven't already done so, request a CHIP Home Income Plan personal estimate today. Call us or visit www.chip.ca and we'll send it to you right away.

Step 2

We'll call to see if you'd like to arrange a meeting with a CHIP Home Income Plan Representative.

Step 3

We will speak by phone or meet in person to review your personal estimate in detail and answer any questions you might have about CHIP. Family members, friends or your financial advisor are welcome at this and any subsequent meetings. If you decide to proceed, we'll help you complete an application and then arrange for an independent appraisal of your home to determine the current appraised value.



Step 4

Once the appraisal has been received, we will confirm the exact amount of money you are qualified for and arrange a second meeting to discuss anything else that needs to be covered.

Step 5

Before you make a commitment, we require you to seek legal advice from an independent lawyer or legal professional of your choice. Your CHIP Home Income Plan contract will be signed with your lawyer, who will forward it to CHIP. If you don't have a legal advisor, we can introduce you to one in your area.

Step 6

You will receive your money. Most people have the funds deposited directly to their bank account so their personal banker or financial advisor can assist with investing the money.



Ask my CHIP Representative about: _____

Thank you for your time.

We hope this Guide has been helpful. While there's much to consider, there's really just one key idea at the heart of it all – if some additional money can help you do what you want to do, a CHIP Home Income Plan can be the simple and sensible solution. With up to 40% of your home equity in tax-free cash and no monthly payments to worry about, a CHIP Home Income Plan can help you enjoy life on your terms.

Please call the number on the letter that accompanied this Guide whenever we can be of service.

Notes

Please note that terms and conditions, including set-up costs, are subject to change. Our product is constantly evolving. Please visit www.chip.ca for the most up-to-date information and enhancements.

For more information or to proceed with your CHIP Home Income Plan, please:

- **Call the number on the letter that accompanied this Guide to speak to your CHIP Representative;**
- **Visit www.chip.ca; or**
- **Call our infoline at 1-877-503-2447**



**Unlock the value in your home™
and enjoy life on your terms.**

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Fact Sheet

Effective: June 2, 2010

The information below is subject to change. The most current information is available at www.chip.ca

A CHIP Home Income Plan is the simple and sensible way to turn up to 40% of the value that is locked up in your home into tax-free cash you can use today. You do not have to make any payments – interest or principal – for as long as you or your spouse live in your home. You maintain ownership and control of your home while enjoying all the benefits of having converted some of your home’s value into cash. For these reasons and more, a CHIP Home Income Plan is a sound financial solution for many people.

Fixed and variable interest rate options

Your CHIP Representative can give you the current rates or you can find them at www.chip.ca

- Fixed interest rates are available for six-month, one-year, three-year or five-year terms. Your interest rate will be based on the term you choose.
- Variable rate option has no fixed term.
- If you wish, you may change your interest rate option. Our variable rate option can be switched to a fixed interest rate term at any time. If you have a fixed interest rate term, it can be switched at the end of your current term to another term or to the variable rate.

Option	Interest Rate	Interest Rate Reset Date
Variable	3.99%	As posted rate changes
6-month	4.25%	December 15, 2010
1-year	4.65%	June 1, 2011
3-year	5.95%	June 20, 2013
5-year	6.60%	June 5, 2015

Receiving your money

CHIP helps you meet your cash flow needs with five options:

1. Take all the money you’re eligible to receive as a single lump sum advance.

2. Take an Initial Advance of some of the money you’re eligible to receive (minimum \$20,000) and request more later whenever you need it. These requests are called Subsequent Advances (minimum \$10,000).
3. Take the money you’re eligible to receive in monthly, quarterly, semi-annual or annual advances over a set period of time. This is called Planned Advances (minimum \$1,000 a month if Initial Advance is less than \$20,000, minimum \$500 a month with Initial Advance of \$20,000 or more).
4. Take a combination of Initial, Subsequent and Planned Advances.
5. Take all the money you’re eligible to receive as Planned Advances.

Clients can choose from the following:	Minimum Advance
Single Lump Sum – 100% funds	\$20,000
Initial Lump Sum with more later	\$20,000
a) with Planned Advances* (e.g. monthly)	\$500
b) with Subsequent Advances**	\$10,000
c) with Planned & Subsequent Advances Planned Advances (e.g. monthly) Subsequent Advances	\$500 \$10,000
100% Planned Advances – no Initial Lump Sum Planned Advances (e.g. monthly)	\$1,000

* Planned Advance options: monthly, quarterly, semi-annual, annual
 ** Subsequent Advance administration fee: \$50 per advance

Payment options

- No principal or interest payments are required for as long as you or your spouse live in your home. The full amount only becomes due when you and your spouse pass away, when your home is sold, or if you both move out.
- You can choose to pay all or part of the total accrued interest without signing up for the interest payment discount plan. The minimum amount is the lesser of \$1,000 or the total accrued interest and can be paid in a lump sum annually whenever you wish.
- You have the option to repay the principal and interest in full at any time. When you repay, an interest rate differential may apply. If you repay within the first three years, a prepayment amount will apply. These may be waived or reduced in the event of death or a move to a long-term care facility or retirement residence.

Interest Payment Discount

- If you choose to pay your full annual interest, you will receive a 0.50% discount for the following year. You can make regular payments or a single lump sum (lump sum only for Planned Advances).

If you choose to make interest payments, you'll preserve more of your home equity and always have the security of knowing that you can stop making payments at any time you wish.

Set-up costs

Appraisal fee

- Typically from \$175 to \$400 as an out-of-pocket cost
- Actual amount varies by province and for urban and rural properties
- Request for an independent appraisal is ordered through CHIP Home Income Plan

Independent legal advice is required

- Typically \$300 to \$600 as an out-of-pocket cost
- Price range assumes no title issues
- At your request, CHIP can provide a list of legal advisors in your area
- It is recommended that you discuss fees with the legal advisor before proceeding

Legal, closing and administrative costs

- Costs are \$1,495
- These costs will be deducted from your CHIP Home Income Plan funds so they are not an out-of-pocket expense
- Includes title search, title insurance and registration

Next steps

For more information or to proceed with your CHIP Home Income Plan, please:

- Call the number on the letter that accompanied this Fact Sheet to speak to your CHIP Representative;
- Visit **www.chip.ca**; or
- Call our infoline at **1-877-503-2447**

Visit www.chip.ca for the most up-to-date information.

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CFF-110 (060210)