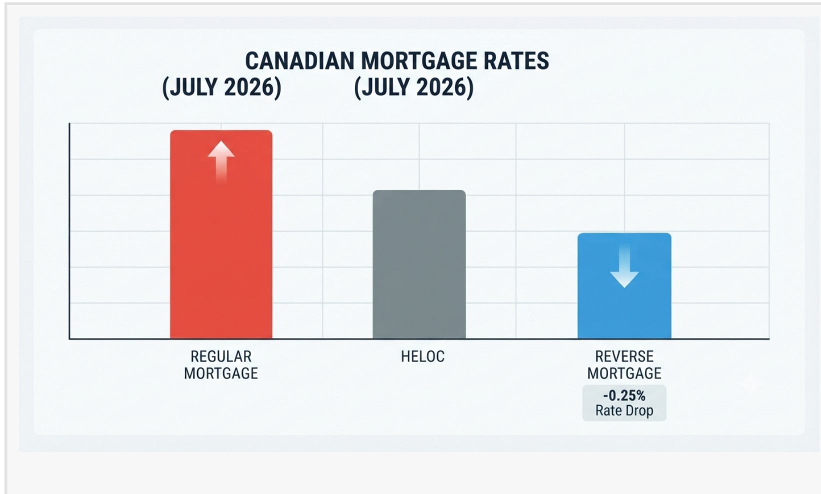
Interest Rate Update July 2026: Reverse Mortgage Rates Down In Canada - While Regular Rates Are Up

A rare price war among lenders pushes reverse mortgage rates to their lowest gap versus regular mortgages and HELOCs in recent memory.



TORONTO, ONTARIO, CANADA, July 22, 2026 /EINPresswire.com/ -- [Reverse mortgage rates] just fell by 0.25% across almost every lender in Canada.

That's not unusual on its own.

What is unusual?

> If you're house rich and cash poor, and a reverse mortgage has been on your radar, this is the kind of window that doesn't usually stay open long”
>
> *Mich Sneddon, CPA, CA*

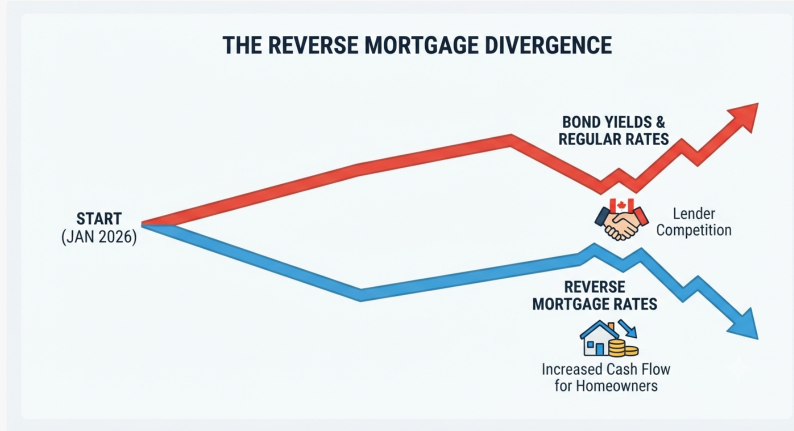
Regular mortgage rates didn't move down with them - they went up.

And the Bank of Canada didn't touch its rate at all.

So why are reverse mortgage rates falling when everything else says they shouldn't be?

"This wasn't the bond market doing what it normally does," said Mich Sneddon, CPA, CA, Founder of Reverse Mortgage Pros "This was a lender trying to win business - and the rest of the market following suit. That's a good result for homeowners, but it's worth understanding why it's happening before you assume it's here to stay."

In early July 2026, Home Trust - the newest lender in the reverse mortgage space in Canada - dropped its 5-year fixed rate by 0.25%, to 6.29%. Equitable Bank followed almost immediately, cutting its own rate to 6.28%, just enough to undercut Home Trust.



Reverse Mortgage Pros Logo

Normally, 5-year fixed rates - reverse or regular - move with the 5-year Government of Canada bond yield.

That yield has actually risen roughly 0.2% since the start of 2026.

Regular mortgage rates have followed it up.

Reverse mortgage rates just did the opposite.

The explanation is simpler than it looks (Sneddon outlines everything in detail in [a video on his Reverse Mortgage Pros channel]): Home Trust is the newest player in a market that's become far more competitive and they're willing to give up some margin to win volume. When a new lender pushes for market share like this, the established players tend to follow rather than lose business. That's exactly what happened.

Reverse mortgage rates typically sit 2% to 2.5% above regular mortgage rates.

Right now, four of the Big Five banks are offering regular 5 year fixed mortgage rates around 4.29%, with TD at 4.59%. Against that, today's reverse mortgage rates put the gap right at the bottom of the usual range - and, in some cases, slightly below it.

The story is similar against a Home Equity Lines of Credit (HELOC). Reverse mortgage rates can range from 0.5% below a HELOC to 1% to 1.5% above. With the Bank of Canada holding its rate - leaving HELOCs at roughly Prime plus 1%, or 5.45% - this latest drop puts reverse mortgages at just over 0.8% higher than a HELOC, down from a gap that had been a little more than 1%.

No one knows for certain - including the lenders themselves - as to how long this will last. Because this drop wasn't driven by a change in bond yields, it's unlikely to be permanent.

Lenders who cut rates to win business usually have a target in mind - often a specific volume of new deals, like $100 million or $200 million. Once that target is hit, rates tend to move back up. Home Trust has no track record here to compare against, since it hasn't done this before.

"If you're house rich and cash poor, and a reverse mortgage has been on your radar, this is the kind of window that doesn't usually stay open long," Sneddon said. "I'd rather see homeowners get a real assessment now than find out in three months that the rate they were waiting for came and went."

A brief summary of what has happened is as follows:

- Reverse mortgage rates dropped 0.25% in July 2026, led by Home Trust and matched by Equitable Bank.
- The move was caused by competition among lenders - not by falling bond yields or a Bank of Canada rate cut. Regular mortgage rates actually rose over the same period.
- Reverse mortgage rates are now under 2% above regular mortgage rates - a rare gap.
- Reverse mortgage rates are now less than 1% above HELOC rates, down from over 1% previously.
- There's a good chance this pricing doesn't last.

Homeowners 55 and over can find out in 90 seconds whether a reverse mortgage makes sense for them - and compare all available options, lenders, and hidden costs - with a free, no-obligation assessment from Reverse Mortgage Pros at ReverseMortgagePros.ca/Assessment.

Michael Sneddon
Reverse Mortgage Pros
+1 888-358-7771
email us here
Visit us on social media:
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X
Other

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