



## News Release

For Immediate Release

### **OSFI is reinforcing its expectations for residential mortgage underwriting practices through revisions to Guideline B-20**

#### **OTTAWA – July 6, 2017 – Office of the Superintendent of Financial Institutions**

In July 2016, the Office of the Superintendent of Financial Institutions Canada (OSFI) issued a [public letter](#) that reinforced its expectations for residential mortgage underwriting in federally regulated financial institutions and advised the industry that it would be increasing its supervisory intensity in this area. At that time, OSFI also indicated that it would review Guideline B-20 – *Residential Mortgage Underwriting Practices and Procedures*.

Today, OSFI is releasing draft changes to Guideline B-20 for public consultation. The changes align language throughout the guideline with OSFI's July 2016 letter and clarify and strengthen expectations in a number of specific areas, including;

- Requiring a qualifying stress test for all uninsured mortgages;
- Requiring that Loan-to-Value (LTV) measurements remain dynamic and adjust for local market conditions where they are used as a risk control, such as for qualifying borrowers;
- Expressly prohibiting co-lending arrangements that are designed, or appear to be designed to circumvent regulatory requirements.

OSFI is inviting feedback through written submissions from interested stakeholders and the wider public before finalizing Guideline B-20. Comments should be submitted to OSFI by email at [B.20@osfi-bsif.gc.ca](mailto:B.20@osfi-bsif.gc.ca) by August 17, 2017. Following a review of the submissions, OSFI will finalize the guideline and set an effective date for later in 2017.

#### **Quote**

“The draft changes to Guideline B-20 released today are consistent with messages that OSFI has been delivering through public statements and in direct conversations with federally regulated financial institutions through our supervisory work,” said Carolyn Rogers, Assistant Superintendent, Regulation Sector.

#### **Associated Links**

- [Draft Guideline: Guideline B-20 — Residential Mortgage Underwriting Practices and Procedures](#)
- [Cover letter](#)



## **About OSFI**

[The Office of the Superintendent of Financial Institutions](#) (OSFI) is an independent agency of the Government of Canada, established in 1987, to protect depositors, policyholders, financial institution creditors and pension plan members, while allowing financial institutions to compete and take reasonable risks.

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