



## Guideline B-20: Preparing for the Unexpected

### Summary of remarks by Jeremy Rudin, Superintendent of Financial Institutions, to Northwind's Housing Finance Forum

**Jeremy Rudin**  
Superintendent of Financial Institutions

**Cambridge, ON**  
**February 8, 2019**

On February 8, 2019, Jeremy Rudin, Superintendent of Financial Institutions, spoke in front of an audience of housing finance executives at the Northwind's Housing Finance Forum in Cambridge, Ontario. During the fireside chat with Andy Charles, Mr. Rudin spoke about how OSFI's emphasis on sound mortgage underwriting has improved lending standards.

Mr. Rudin reiterated OSFI's focus on ensuring that federally regulated lenders are able to manage through a variety of severe yet plausible scenarios. He reminded the audience that there is much more to OSFI oversight of mortgage underwriting standards than the 'stress test'. OSFI's initiative has also led to more rigorous verification of borrower income and better management of loan-to-value limits. On the topic of the stress test, he underlined that it provides a through-the-economic-cycle buffer that protects against a variety of potential adverse scenarios including: a drop in the borrower's income, the borrower's decision to take on more non-mortgage debt, increases in the borrower's non-debt expenses, as well as increases in mortgage rates on renewal.

#### Quote

*"OSFI oversight of mortgage underwriting standards gives us a tool that we need to ensure the safety and stability of Canadian banks and the Canadian financial system. What it doesn't give us is a dial we can turn up and down to try to get particular outcomes in the housing market."*

#### 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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