Letter

Title	OSFI clarifies treatment of innovative real estate secured lending products under Guideline B-20
Category	Sound Business and Financial Practices
Date	June 28, 2022
Sector	Banks Foreign Bank Branches Trust and Loan Companies Life Insurance and Fraternal Companies Property and Casualty Companies

To: All Federally Regulated Financial Institutions

Today, the Office of the Superintendent of Financial Institutions (OSFI) is releasing a new Advisory *Clarification on the Treatment of Innovative Real Estate Secured Lending Products under Guideline B-20*. The Advisory complements existing expectations under Guideline B-20 *Residential Mortgage Underwriting Practices and Procedures*.

As shared in its *Annual Risk Outlook*(2022-23), OSFI is taking action to address the risk of persistent, outstanding consumer debt that can make borrowers, and their lenders, more vulnerable to negative shocks. Accordingly, this Advisory clarifies regulatory expectations in respect of Combined Loan Plans (CLPs) and other innovative lending products that pose unique risks.

Jamey Hubbs

Vice Superintendent

Policy Innovation, Stakeholder Affairs, Strategy, Risk and Governance