

August 24, 2020

**Mr. Jeremy Rudin**

Superintendent of Financial Institutions  
Office of the Superintendent of Financial Institutions  
255 Albert Street, 12th Floor  
Ottawa, ON K1A 0H2

Dear Mr. Rudin,

On behalf of the board of directors of Mortgage Professionals Canada (MPC), I am writing to request that OSFI permit an extension of the capital provisions beyond the 6 months outlined in its March 27<sup>th</sup> letter for institutions who permit mortgage payment deferrals. MPC suggests an aggregate 5% of a lender's mortgage portfolio be permitted to continue to be classified as performing loans where the lender has determined a COVID-19 impact to the mortgage holder's ability to make payments.

The Canadian Bankers' Association reports 16% of all mortgage holders have deferred at least a portion of their mortgage payments since March 2020. Given the vast number of requests received and the unprecedented volume of customer service calls the crisis generated, lenders were operationally inundated and therefore unable, in any practical manner, to determine on a needs basis who should qualify for the deferral. As such, deferrals were granted to almost everyone who requested them, regardless of the COVID-19 shutdown impact on their income(s).

Encouragingly, both Home Trust and Equitable Bank have reported a reduction in the number of their mortgage holders deferring payments. Other MPC member lenders are also reporting reductions in deferral program participation. We anticipate similar announcements this week in the bank earning statements.

While this is encouraging news, we nevertheless anticipate some mortgage holders will find themselves unable to meet their mortgage obligations when the current six month deferral period expires, as some industry segments have been disproportionately affected; travel and tourism or hospitality are obvious examples but by no means stand alone. To assist individuals and families with retaining their homes, MPC requests OSFI permit lenders the ongoing capital relief to continue to support these families through their anticipated return to pre-COVID-19 income levels. We ask that an additional 6 months capital relief be provided for this purpose.

Assisting still impacted families in retaining ownership of their homes will reduce the potential volume of property listings, thereby minimizing the resulting potential property value erosions predicted by some economists. Given our very low interest rate environment, the capitalization of missed interest to principal on the loans should not be too onerous. For the vast majority of homeowners, this would be

significantly preferable to the alternative of being forced to sell in a potentially flooded market. Finally, setting a threshold limit of 5% of a lender's portfolio ensures lenders will provide the deferrals beyond the currently permissible 6 months only to those individuals whose financial position has been truly impacted, and not to those who took advantage of the program in the past due to anticipated income loss rather than experienced income loss. In short, lenders would only extend a deferral period for those who really needed it.

On behalf of the members of Mortgage Professionals Canada and the Canadian families our businesses support, thank you for your consideration. I would welcome the opportunity to discuss this recommendation further. Please let me know if we are able to arrange a brief telephone conversation at your convenience.



**Paul Taylor**  
President and Chief Executive Officer  
Mortgage Professionals Canada  
[ptaylor@mortgageproscan.ca](mailto:ptaylor@mortgageproscan.ca)  
905-334-1165

CC: Mr. Ben Gully, Assistant Superintendent, Regulation Sector

This letter will also be shared on Mortgage Professionals Canada's website.