



October 20, 2023

CANADA GUARANTY

# LENDER UPDATE

## Clarification: Transactionally Insured Mortgage Loans

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In response to industry inquiries following OSFI's recent communication regarding the B-20 consultation, we are providing the following clarity:

Once a transactionally insured loan (borrower paid) is insured, the eligibility criteria does not need to be re-assessed over the life of the insured loan, including if the loan is switched from one Approved Lender to another, provided the loan amount is not increased and continues to be amortized in accordance with the amortization period approved by the insurer. It is expected that an Approved Lender complete due diligence reviews when accepting the transfer of an insured loan as in so doing they assume all responsibilities of the original Approved Lender, inclusive of underwriting these files consistent with their own Residential Mortgage Underwriting Policies (RMUP).

In all cases, once an applicable loan is insured, eligibility criteria does not need to be re-assessed at the time of renewal over the life of the insured loan (e.g., a lender can renew the loan without "re-qualifying" the loan).

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As always, we remain available to answer any questions or to discuss your borrowers' unique circumstances. Please do not hesitate to contact a member of our team with any questions.

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Thank you,



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