Have your brokerage's compliance department approve the template before use and complete the licence and contact fields.

Template letters for mortgage brokers

Letter 1: the buyer who cannot close a pre-construction purchase

Subject: Your closing, and what to look at first

Dear [client name],

Thank you for telling me straight that the closing may not go ahead. That is the right moment to raise it, not after.

A few things worth knowing before anything else:

1. What happens if a purchase does not close starts with your agreement of purchase and sale, and the consequences can reach beyond the deposit. A real estate lawyer should read that agreement before you speak to the builder, so that you know your position rather than guessing at it.

2. The mortgage is only one part of this. If the appraisal, the rate or your income has moved since you signed, we should look at what financing is realistically available and what it would cost you month to month. I can do that part with you.

3. The question underneath is whether the shortfall is a one-time gap or a sign that the whole household budget is under strain. Bridging a gap with more borrowing only helps if the payments after closing are ones you can actually carry.

I arrange mortgages; I am not a lawyer or a Licensed Insolvency Trustee, so I will not pretend to advise you on the legal side. What I can do is point you to something genuinely useful. The Insolvency Report is an educational site written by a Licensed Insolvency Trustee in Toronto. It is free to read and explains the options in plain language. Its research report on pre-construction closing failures is here:

https://insolvencyreport.ca/pre-construction-closing-risk-ontario/

And if the wider debt picture is part of the worry, its plain guide to what a consumer proposal is, and is not, is here:

https://insolvencyreport.ca/consumer-proposals/

Those options exist only for a person who is insolvent under the Bankruptcy and Insolvency Act, and the first thing a trustee does is assess whether that is your position. Any Licensed Insolvency Trustee can explain these options. The Office of the Superintendent of Bankruptcy keeps a public directory of licensees.

Read both, then let us talk about the financing options that remain. Looking early gives us the best chance to see which options remain.

Kind regards,

[Licensee name as licensed], [Mortgage Broker | Mortgage Agent Level 1 | Mortgage Agent Level 2]

[Brokerage authorized name], Brokerage Licence No. [brokerage licence number]

[Independently owned and operated.]

[Ontario mailing address] | [telephone] | [e-mail]

I arrange mortgages. I am not a lawyer or a Licensed Insolvency Trustee, and this letter is general information, not legal, tax or insolvency advice about your situation. It recommends no mortgage. Any mortgage or renewal I present to you will come with the written disclosures Ontario law requires before you sign.

I receive no fee, commission or other benefit for referring you to any resource, professional or service named in this letter.

Questions or concerns about our services: [name and e-mail of the brokerage's designated complaints contact].