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

Letter 2: the homeowner who cannot get a renewal

Subject: Your renewal, and the three different things that word can mean

Dear [client name],

You asked whether you can renew, and I want to give you a clear answer rather than a vague one.

"Renewal" covers three different situations, and they do not behave the same way:

1. Renewing with your existing lender. This is often the simplest of the three situations. You are continuing a mortgage the lender already holds, not asking for new money, but renewal is not guaranteed. The law does not force a lender to renew, but in practice this is the least dramatic case.

2. Switching to a new lender at renewal. The new lender treats you as a new borrower: new application, new review of income, credit and the property. That is where a rough credit history matters most.

3. Refinancing, meaning borrowing more against the home. That is a new credit decision in every case.

A lender does not have to renew. If it will not, and you cannot pay out the balance, you are in default the day the term ends, and the same clock runs as if you had missed a payment. Once the default has lasted fifteen days the lender can give a Notice of Sale, and under a mortgage that contains a power of sale, which nearly all do, no sale can take place until at least 35 days after the notice is given. The notice is not a lawsuit or a seizure, but the time is short and the earlier we look at alternatives the more there are.

I arrange mortgages; I am not a lawyer or a Licensed Insolvency Trustee. For the questions I cannot answer, The Insolvency Report is an educational site written by a Licensed Insolvency Trustee in Toronto, free to read and written to explain the options in plain language. The two pages that fit your situation:

Mortgages: renewing, refinancing and buying, and what a consumer proposal does and does not change

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

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.

Power of sale in Ontario, including how private lenders use it and what the 35 days mean

https://insolvencyreport.ca/power-of-sale-ontario-private-lenders/

Send me your current statement and the renewal letter, and we will go through the options together.

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].