THE iNSOLVENCY REPORT

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# Guide for Mortgage Brokers

**WHEN FINANCING**

# isn’t enough.

## The client should not run out of help.

Guides, worksheets and client letters for mortgage brokers.

A RESOURCE FOR MORTGAGE BROKERS

# Three situations.

## A useful place to start.

Guides, worksheets and client letters, together in one place.

1

### Refinancing will not solve the debt problem.

Financing may be available, yet the client's overall budget still does not work.

START WITH

**Private mortgage cost worksheet and client letter**

2

### A purchase or pre-construction closing is in difficulty.

A closing deadline is approaching and the money needed to complete the purchase is not available.

START WITH

**Closing-risk file sheet and client letter**

3

### Mortgage renewal is in jeopardy.

Renewal is approaching and the client is unsure how the mortgage and other debts will be managed.

START WITH

**Renewal guide and client letter**

### Client letters

Three templates for difficult mortgage conversations.

### Worksheets

Organize closing facts and compare the full cost of private financing.

### Detailed guides

Read the background when the file calls for a closer look.

Client letters and worksheets are for internal compliance review before use. A declined mortgage application does not establish insolvency.

**IMPORTANT INFORMATION**

This resource is general information for mortgage professionals and their clients. Its purpose is to help a mortgage professional recognize when a client's debts, not the mortgage, may be the real problem and that a Licensed Insolvency Trustee can assess them, and to help organize the facts and costs for that conversation; do not rely on it for any other purpose. It does not assess insolvency or eligibility, recommend a filing, mortgage, lender or professional, or provide advice about anyone's individual circumstances. Using it creates no professional relationship with the publisher or editor. Neither is licensed as a mortgage broker or agent.

Any Licensed Insolvency Trustee can do the assessment, no referral is needed, and the public directory is on the last page. Find a Licensed Insolvency Trustee: Government of Canada public directory. Mortgage professionals remain responsible for suitability, required written disclosures and their brokerage's approval of client materials. The publisher and editor pay and accept no referral fee, commission or benefit; none is offered to you. The publisher collects no borrower information and does not track who uses these resources or with whom. No regulator or professional body has reviewed or endorsed this resource. The insolvency process described is federal; broker rules, mortgage enforcement and property exemptions differ by province. Provincial detail is Ontario's. Quebec law is excluded.

Editor: Paul Franchi, JD, MBA, CIRP, LIT, Licensed Insolvency Trustee.
Publisher: The Insolvency Report, insolvencyreport.ca. 647-492-9283.

# Refinancing may not solve the debt problem

01

Compare the financing with the full household budget, other debts and the repayment plan.

Letter 3

## A client in financial distress

For a conversation about the client's other debts.

Read Letter 3 →

PDF

### The guide

When refinancing will not solve the debt problem →

### The working tool

Private mortgage cost worksheet ↗

### How to use this

Use Letter 3 when a client asks whether they are over their head. It separates the mortgage from other debts and explains where a Licensed Insolvency Trustee fits.

Use the worksheet to compare cash received, costs during the term, fees and default terms to read aloud.

If the figures show that more borrowing only delays the shortfall, suggest an assessment of the other debts by a Licensed Insolvency Trustee.

The guide

# For mortgage brokers: when refinancing will not solve the debt problem

By Paul Franchi, Licensed Insolvency Trustee, Ontario.

Help your client compare financing with a debt assessment, and recognize when to bring a Licensed Insolvency Trustee into the conversation.

Your client may need financing for other debts, lost income, a purchase or a renewal. A bank's refusal does not identify the right solution. Check whether the available financing leaves the household able to meet its obligations.

A licensed mortgage professional, such as a mortgage broker or agent, may find a workable solution through a bank, another institutional lender or a private lender. But if the loan only postpones an unaffordable debt problem, an assessment by a Licensed Insolvency Trustee may be the useful next step. A failed property deal may instead call for advice and negotiation by the client's lawyer.

Use this guide to gather the facts and identify which professional should join the conversation. It does not ask you to diagnose insolvency or recommend a filing.

For the financing comparison and worked cost example, see the separate mortgage-cost section. Page 7.

## When should a Licensed Insolvency Trustee be involved?

Consider a trustee's assessment if unsecured-debt payments cannot be maintained, more borrowing will not produce a sustainable budget, or a property problem comes with wider financial distress. The client need not exhaust every loan first.

The trustee first assesses whether the person is insolvent and which remedies are available. A declined mortgage application does not establish insolvency. If the client is not insolvent, a consumer proposal or bankruptcy is not the answer.

If a consumer proposal is available, an affordable proposal payment may leave room for the mortgage. Show that in a budget with the proposal payment and all housing costs.

A mortgage normally remains outside a consumer proposal. Continuing mortgage payments and the lender's renewal requirements still matter; a filing does not guarantee renewal. Home equity also affects what creditors would expect under a proposal. See Mortgages and a Consumer Proposal for the detailed distinctions.

If the mortgage remains unaffordable after unsecured debt is addressed, consider financing, housing and sale options. Use the contents to find a client letter or working sheet.

## Flag second properties and shared security early

Ask whether the client owns another property and whether any lender holds security over more than one property.

A second property's mortgage counts toward the consumer proposal debt limit, unlike debt secured by the home the client lives in. A large mortgage on a second property may therefore require assessment of a different route, such as a Division 1 proposal.

Where one lender holds security over both properties, do not assume that selling one will release it. The client needs their lawyer and trustee to examine the documents, the lender's security and the available options before relying on a sale. A consumer proposal cannot make that secured lender accept less or release its security.

Use the guide to a condo that no longer pays for itself and Division 1 Proposals in Plain Terms for the fuller discussion.

## A purchase that may not close: six questions

A closing problem can involve financing, contract rights, wider debt or all three. Establish these facts while the client still has choices:

1. What is the firm closing date, and what notices have arrived?
2. What is the purchase price, and what value will the lender use?
3. What financing is firmly available, what conditions remain and how much cash is missing?
4. Does the agreement permit an assignment, and is there written consent or a proposed release?
5. What deposit was paid, where is it held and what purchase documents were delivered?
6. If the purchase fails, what other debts, assets, co-signers or guarantees are involved?

The broker assesses financing. The real estate lawyer advises on the agreement, deadlines, deposit and potential exposure. A Licensed Insolvency Trustee assesses insolvency and any available formal debt solution.

Not every failed closing calls for an insolvency proceeding. If the client is otherwise solvent and the problem is one bad deal, a lawyer-led settlement may be the appropriate route.

## Documents that make the assessment useful

Ask the client to gather the records that exist. This prepares the conversation; it does not turn the broker into the client's legal or insolvency adviser.

- **Purchase and deadlines:** the agreement and all schedules, amendments, notices, extensions, occupancy dates, closing statements and assignment correspondence.
- **Value and financing:** the appraisal, commitments and conditions, refusals, available funds, closing-cost estimate and proposed private-loan terms.
- **Deposit and parties:** deposit receipts, disclosure documents and delivery records, purchaser and guarantor names, and any relevant corporate, trust or funding agreements.
- **The full household:** income, expenses, debts, assets, property values, mortgages over multiple properties, demands and lawsuits.

## In this kit

These resources help your office record facts and prepare client conversations. **Obtain your internal compliance department's approval before professional use**, and make the changes it requires. The documents do not determine legal rights, insolvency eligibility or mortgage suitability.

- **Closing-Risk File Sheet:** record the funds required, future carrying costs and questions for the next professional. Page 14.
- **Private Mortgage All-In Cost Worksheet:** compare net proceeds, interest, fees, principal due and repayment plans. Page 8.
- **Three template letters in one file:** a purchase that may not close, a renewal that may not be available, and wider financial distress. Page 22.

Complete the brokerage, licence and contact fields before using an approved document. The letters explain questions to take to the appropriate professional; they do not recommend a filing.

## Explain the option without pressing the client to file

Explain the financing concern and what a Licensed Insolvency Trustee does. Do not urge a proposal or bankruptcy filing. Explaining an option is different from soliciting a filing.

The client should receive independent advice and decide how to proceed.

Do not promise a credit score or recovery date. A filing is a debt remedy, not credit repair. Payments may change the household budget; future lending decisions remain the lender's.

For credit-file questions, read Your credit after a consumer proposal or bankruptcy.

# Separate mortgage-cost guidance

## Does the proposed financing improve the household's position?

Put the loan beside the full household budget. Show the client:

- The loan amount and the cash actually available after fees and payouts.
- The interest rate, payment and total borrowing costs.
- The term, principal due at the end and relevant default provisions.
- The other debts and living costs the household must still pay.
- How the loan will be repaid, and what happens if the expected sale or refinancing does not occur.

A private mortgage may be a useful bridge to a realistic sale or to financing expected after a specific change in circumstances. High cost alone does not settle the question. Check the cost, the repayment plan and what the household can afford.

The warning sign is a loan that closes today but leaves the client unable to pay tomorrow. Moving credit-card balances onto the home changes the security behind the debt; it does not cure a continuing budget shortfall.

## Show the cost in dollars

Consider this hypothetical one-year, interest-only private second mortgage:

Illustrative private mortgage costs

| | |
|---|---|
| **Loan amount** | $350,000 |
| **Lender, finder's and legal fees deducted** | $44,500 |
| **Net advance** | $305,500 |
| **Interest for one year at 10%** | $35,000 |
| **Fees plus first-year interest** | $79,500 |

Fees and interest in this example total about 26% of the net advance. This is a simple cost comparison, **not a regulatory annual percentage rate**. The net advance is before any other debts are paid. Budget for interest as it falls due, payments on the existing first mortgage and repayment of the $350,000 principal at the end of the term. The figures are illustrative, not a quote or a claim about every private mortgage.

Use the client's actual terms. If there is no workable way to carry and repay the loan, the file needs a wider assessment before the client commits.

Private mortgage all-in cost worksheet: page 8.

For your own file. Keep it in your brokerage's approved system; do not send it to the publisher.
Collect and keep a client's details only with the client's consent and under your brokerage's privacy policy.

# Private Mortgage All-In Cost Worksheet

For internal compliance review before use. This worksheet compares the money a client receives with the amounts the client may pay. It is not a quote, legal advice or a recommendation to borrow. Use the lender's actual disclosure and the client's lawyer's advice for the final decision.

## A. What reaches the client or closing

| Item | Amount |
|---|---|
| Face amount of new mortgage | $ |
| Less lender fee | $ |
| Less broker fee | $ |
| Less legal fees and disbursements | $ |
| Less appraisal, administration and other deductions | $ |
| Less interest or payment holdback | $ |
| **Estimated net cash available** | **$** |

## B. What the mortgage costs during the stated term

| Item | Amount / term |
|---|---|
| Contract interest rate | % |
| Monthly payment | $ |
| Term | months |
| Interest paid during the term | $ |
| Total fees for the first term, including fees withheld from the advance, counted once | $ |
| Renewal fee if the loan continues (separate future scenario) | $ |
| Estimated discharge or exit costs | $ |
| **Estimated interest plus fees for the first term** | **$** |

**All-in first-term cost as a percentage of net cash available:** _____%

Calculation: first-term interest plus first-term fees and exit costs, divided by estimated net cash available, multiplied by 100. Include fees deducted from the advance once in the cost total. An interest holdback reduces cash available; do not also count it as a separate fee if the interest it funds is already in the interest total. Show any unused holdback and refund assumption separately.

This simple first-term comparison is not an annual percentage rate (APR), an effective annual rate or a substitute for required lender disclosure. Compare the same term length and timing of payments. Principal repayment is separate from interest and fees. State every assumption. If a cost is unknown, mark it unknown instead of entering zero.

**Private mortgage cost worksheet · Editable Word ↗**

Illustration only: a one-year, interest-only $350,000 loan at 10%, with $44,500 of fees deducted and no other deductions, provides $305,500. Interest is $35,000. Fees plus interest total $79,500, about 26.0% of the cash received. The $350,000 principal still has to be repaid. These are hypothetical inputs, not a market quote.

## C. Default and renewal terms to read aloud

**Default interest rate:** _____%
**What triggers it:** _____
**Late / NSF / administration charges:** _____
**Does the borrower have a right to renew?** Yes / No / Unclear
**Who decides whether renewal is offered?** _____
**Renewal term and fee:** _____
**Prepayment right and charge:** _____
**Other security or guarantees:** _____

## D. The written exit

**Principal expected to remain due at maturity:** $_____
**Other secured loans to repay at the exit:** $_____
**Expected exit costs not already counted:** $_____

**What event repays this mortgage before or at maturity?**

_____

**What evidence supports that event now?**

_____

**What happens if the event is six months late?**

_____

**What is the client's monthly budget after this loan closes?**

_____

## E. Comparison

| Route | Net cash / result | Monthly cost | One-time fees | Deadline / exit | Professional review completed |
|---|---|---|---|---|---|
| Existing lender option | | | | | |
| Prime or alternative lender | | | | | |

**Table E. Comparison (continued)**

| Route | Net cash / result | Monthly cost | One-time fees | Deadline / exit | Professional review completed |
|---|---|---|---|---|---|
| Proposed private mortgage | | | | | |
| Voluntary sale | | | | | |
| Full debt assessment | | | | | |

**Internal decision note:** A loan that completes the purchase but leaves the household unable to carry the following month needs a wider assessment before the client commits.

## Letter 3: the client who may be in financial distress

**Subject: The question you asked me, answered honestly**

Dear [client name],

You asked me something most people do not say out loud: whether you are in over your head, and what happens to the house if you are. Thank you for trusting me with it. Here is what I can tell you.

1. Your mortgage and your other debts are two different problems. A mortgage is secured against the home. Credit cards, unsecured lines of credit, unsecured loans and tax debt are not. Most of the formal debt solutions in Canada deal with the second group, and they leave a mortgage in place as long as its payments stay current.

2. There is more than one path. A consumer proposal, for example, is a formal arrangement with unsecured creditors, filed through a Licensed Insolvency Trustee, that stops interest and collection while a fixed payment is made. It is not bankruptcy. A consumer proposal and a bankruptcy are not options that everyone has. They are for a person who is insolvent under the Bankruptcy and Insolvency Act: someone who owes at least $1,000 and who either cannot pay their debts as they come due, has stopped paying them, or owns less than they owe. The first thing a Licensed Insolvency Trustee does, before anything else, is assess whether that is your position. If it is not, these are not your options, and the trustee will tell you so. Whether a proposal fits you is a question for a trustee, not for me, but it is worth knowing it exists before anything is decided.

3. Do nothing hasty with the house. Refinancing to pay unsecured debt can be the right move or exactly the wrong one, depending on whether the payments afterwards are ones you can carry. That is a numbers question, and it is one I can work through with you.

I arrange mortgages; I am not a lawyer or a Licensed Insolvency Trustee, and I will not guess at things outside my lane. What I will do is point you to the best plain-language material I know of. The Insolvency Report is an educational site written by a Licensed Insolvency Trustee in Toronto. It charges nothing to read. Any Licensed Insolvency Trustee can explain these options. The Office of the Superintendent of Bankruptcy keeps a public directory of licensees. Start here:

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

**All three letters in editable Word ↗**

What a consumer proposal is, in plain English

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

Mortgages and a consumer proposal: keeping the home, renewing, refinancing

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

Read those, and then let us sit down with the actual numbers. Looking at this early is what keeps the options open.

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].

# A purchase may not close

02

Start with the closing date, the financing available and the cash still required.

Letter 1 · Pre-construction purchases

## A buyer who may not be able to close

This letter is written for a pre-construction purchase.

Read Letter 1 →

PDF

### The client guide

Can't close on your condo? Five steps to take →

### The working tool

Closing-risk file sheet ↗

### How to use this

Use Letter 1 when a pre-construction purchase may not close. Start with the agreement of purchase and sale.

Use the closing-risk file sheet to record the deadline, financing gap, deposit, assignment position and other debts. It does not give legal advice.

The purchaser’s real estate lawyer advises on the agreement. A Licensed Insolvency Trustee can assess the closing commitment alongside the household’s other financial obligations.

For your own file. Keep it in your brokerage's approved system; do not send it to the publisher.
Collect and keep a client's details only with the client's consent and under your brokerage's privacy policy.

# Broker Closing-Risk File Sheet

For a mortgage brokerage's internal compliance review before use. This sheet organizes facts and referrals. It does not provide legal advice, decide whether a client is insolvent or recommend a consumer proposal, bankruptcy or other legal result.

## 1. The deadline

**Client / file reference:** _____

**Firm closing date:** _____ **Time, if stated:** _____

**Next notice or response date:** _____

**Source document for the date:** _____

## 2. The closing gap

| Closing calculation | Amount | Source / assumption |
|---|---|---|
| A. Contract purchase price | $ | |
| B. Closing costs still payable, excluding charges already deducted from the loan below | $ | |
| C. Deposit already paid and credited to the purchase | $ | |
| D. Net financing available for this closing after lender deductions | $ | |
| E. Additional client cash available, excluding the deposit already counted | $ | |
| Funding gap (+) or surplus (-): A + B - C - D - E | $ | |

Value the lender will use: $_____ Valuation date: _____

Use the closing lawyer's actual statement when available. Count every deposit, fee and source of funds once. Keep unconfirmed financing and expected family contributions separate from money presently available.

**Conditions still outstanding on the financing:**

_____

## 3. The agreement and deposit

**Deposit paid:** $_____ **Where held:** _____

**Assignment permitted:** Yes / No / Unclear

**Vendor consent or release requested:** Yes / No

Closing-risk file sheet · Editable Word ↗

**Written answer received:** Yes / No
**Notices, demands, extension offers or claims received:**

_____

## 4. The people and the wider file

**Purchasers / borrowers:** _____
**Co-signers / guarantors:** _____
**Who supplied the deposit or closing funds:** _____
**Other real estate or secured loans:** _____
**Total unsecured debt:** $_____ **Monthly minimums:** $_____
**Monthly amount the household can actually carry:** $_____

| **Projected monthly property cash flow after closing** | **Amount** |
|---|---|
| Expected rent or other property income | $ |
| Mortgage payments, all loans | $ |
| Property tax, condominium fees, insurance and upkeep | $ |
| Monthly contribution required from household income or savings | $ |

Where will that contribution come from? _____
What changes if the sale or refinance is delayed? _____
Projection date and assumptions: _____

## 5. Documents present

☐ Agreement of purchase and sale, schedules, amendments and addenda

☐ Vendor, developer and lawyer notices

☐ Appraisal or lender valuation

☐ Mortgage commitment, term sheet and conditions

☐ Shortfall calculation and proof of available funds

☐ Deposit records

☐ Disclosure statement, condominium guide, amendments and delivery records

☐ Proposed private-loan term sheet and fee disclosure

☐ Debt, asset, income and monthly-budget summary

☐ Title or mortgage records if more than one property may be charged

### Documents present (continued)

☐ Demand, lawsuit or claim already received

## 6. Who owns the next question?

| Question | Professional | Contact / appointment | Status |
|---|---|---|---|
| Is there a responsible financing route, and what is its full cost? | Mortgage broker | | |
| What does the agreement permit, what deadline controls, and what is the exposure? | Real estate lawyer | | |
| Is the household insolvent, and how would a failed-closing claim fit into the full debt picture? | Licensed Insolvency Trustee | | |
| Does tax advice affect the proposed transaction? | Accountant / tax adviser | | |

## 7. The next 24 hours

**One fact still missing:** _____

**One document still missing:** _____

**One professional call that must happen next:** _____

**Person responsible:** _____ **By:** _____

**Internal note:** Record advice and decisions in the brokerage's own approved system. Do not use this sheet as a substitute for the brokerage's compliance process or the advice of the appropriate professional.

## 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:

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

**All three letters in editable Word ↗**

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].

# A mortgage renewal is in doubt

03

Clarify whether the client needs a renewal, a switch to another lender or additional borrowing.

Letter 2

## A homeowner who cannot get a renewal

For a client facing renewal, switching or more borrowing.

Read Letter 2 →

PDF

### The client guide

Renewal denied or unaffordable? What happens next →

### Have these ready

Current mortgage statement and renewal letter.

### How to use this

Use Letter 2 to separate three questions: renewal with the current lender, switching lenders and borrowing more. If the lender will not renew, timing matters.

Have the current mortgage statement and the renewal letter ready before you compare options.

If no option leaves an affordable payment, the client can speak with a Licensed Insolvency Trustee about the wider debts.

## 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:

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

**All three letters in editable Word ↗**

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].

Next steps

# Where to go next

Choose the next question, the professional who can answer it and a date to speak. Mortgage financing, the purchase agreement and other debts may need different advice.

Any Licensed Insolvency Trustee can assess the person's situation, and no referral is needed. Find one in the Office of the Superintendent of Bankruptcy's public directory.

### Further reading

- Power of Sale in Ontario
- Debt Consolidation Mortgage: Will Refinancing Help? A practical comparison to share with a client who wants to borrow against a home to repay other debts.
- Broker options
- Return to the Mortgage Trouble Centre

## The resources in this kit, as separate files

- Closing-risk file sheet (PDF)
- Closing-risk file sheet (Word)
- Private mortgage all-in cost worksheet (PDF)
- Private mortgage all-in cost worksheet (Word)
- Letter 1: pre-construction purchase at risk (PDF)
- Letter 2: mortgage renewal in doubt (PDF)
- Letter 3: wider financial distress (PDF)
- Template letters 1 to 3 (PDF)
- Template letters 1 to 3 (editable Word)

Find a Licensed Insolvency Trustee: Government of Canada public directory.

**Paul Franchi, JD, MBA, CIRP, LIT**

Licensed Insolvency Trustee

**647-492-9283** insolvencyreport.ca

Any Licensed Insolvency Trustee can do the assessment; contacting the editor is not required and creates no professional relationship. Start with the general situation and do not give identifying client details in a first enquiry.