



What does suitability mean?

Mortgage brokers must ensure that any mortgage options they present to a client or unrepresented party (including mortgage renewals) are suitable for that person's unique needs, financial circumstances, and objectives.

This requires brokers to gather and assess information about the person's personal current situation, future plans, and financial capacity. Through discussions and questions, brokers should develop an understanding of factors that may affect the person's ability to qualify for, manage, and benefit from different mortgage products over time.

Where brokers are working with a client whose needs do not align with any mortgage products that are readily available to the broker but may be available elsewhere, brokers must consider the best interests of their clients and refer their clients to more suitable mortgage options.

BCFSA is a member of the Mortgage Broker Regulators' Council of Canada (MBRCC), which has developed [Mortgage Product Suitability Principles](#) to support consistent suitability assessments across Canada. These principles include:

1. **Know your client:** Understand the client's unique needs and circumstances.
2. **Know your product:** Understand the mortgage products reasonably available and be able to explain their features and risks.
3. **Assess options and make suitable recommendations:** Present mortgage options that align with the client's unique needs and circumstances.
4. **Clearly communicate and explain rationale of the recommended option:** Explain the options presented and document the reasons they were considered suitable. Brokers should obtain written acknowledgement that their client understands the options.
5. **Ensure adequate oversight and accountability:** Brokerages should have processes in place to ensure suitability assessments are conducted appropriately.
6. **Document suitability assessment and oversight:** Maintain records of recommendations and the rationale for supporting them, as well as brokerage oversight processes.

Mortgage Suitability and Exit Strategies (copy and paste) Examples for Forms 6A (borrower) and 6B (lender)

Mortgage Suitability

Standard Fixed-Rate Purchase / Conservative Investment

Matches borrowing requirements for payment predictability and rate protection over a multi-year term. Verified debt servicing capacity and stable income ensure long-term affordability and reliable debt maintenance.

Variable / Adjustable Rate Option

Secures a lower initial interest rate with pre-payment flexibility to pay down principal faster. Surplus monthly cash flow and documented financial capacity accommodate potential prime rate fluctuations.

Alternative Income / Self-Employed Qualification

Tailored to accommodate non-traditional or self-employed income structures while maintaining manageable payment obligations against historical cash flow.

Debt Consolidation / Financial Restructuring

Restructures existing high-interest obligations into a single mortgage, lowering monthly debt payments from [Amount]to[Amount] and improving overall financial capacity.

Private / Short-Term Bridge Loan

Provides immediate capital deployment to address temporary financing gaps, uninsurable property aspects, or short-term equity needs while broader plans are executed.

High-Yield / Second Charge Private Loan

Delivers target investment yields while maintaining equity protection capped at a conservative Loan-to-Value ratio.

Mortgage Renewal / Term Continuation

Re-evaluated against current financial circumstances and market options to confirm that maintaining terms continues to suit ongoing budget goals.

Referral to External Product (Best Interests)

The specific borrowing needs do not align with products readily available through our brokerage. In the client's best interest, they have been referred to an external lender option better suited to their unique situation.

Exit Strategy Examples (For Short-Term, Private, or Bridge Loans)

Institutional Refinance Strategy

Short-term financing provides time to stabilize self-employed business revenue or restore credit scores. The mortgage will be paid out via a refinance into a conventional A-lender mortgage upon term maturity in 12 months.

Property Sale Strategy

The borrower will place the subject property on the market for sale prior to loan maturity, utilizing the net proceeds to fully satisfy the outstanding mortgage balance.

Secondary Real Estate Asset Liquidation

The short-term loan will be repaid using proceeds from the scheduled closing and sale of a separate real estate holding prior to the mortgage expiry date.

Equity / Savings Payout Strategy

The mortgage balance will be paid in full upon maturity using guaranteed incoming capital (e.g., maturing investment portfolios, corporate dividend payouts, or verified inheritance proceeds).

Construction / Renovation Value-Add Strategy

Capital is used to complete property updates, increasing overall property value. Upon completion, the property will be refinanced at its higher appraised value to pay off the short-term facility.

Reverse Mortgage / Final Settlement Strategy

The mortgage balance will be settled upon the eventual sale of the property, permanent relocation to a care facility, or settlement of the borrower's estate.