

Equity Financial Trust Company
B-20 RESIDENTIAL MORTGAGE GUIDELINES
PUBLIC DISCLOSURES
MARCH 31, 2018

Overview

This disclosure is prepared in accordance with the requirements of OSFI Guideline B-20 - Residential Mortgage Underwriting Practices and Procedures. These disclosures are made to enable market participants to conduct an adequate evaluation of the soundness and condition of Equity Financial Trust Company's (the "Company") residential mortgage operations.

Insured mortgages – defined

An insured mortgage is one that carries with it an insurance policy that protects the mortgage lender or title holder in the event that the borrower defaults on payments, or is otherwise unable to meet the contractual obligations of the mortgage.

The Company provides uninsured mortgages primarily for owner occupied, single-family residential properties for purchases, refinances, equity take-outs and debt consolidation. In addition to borrower defaults, as an uninsured residential mortgage lender, credit risk also results from reliance on the maintenance of collateral values. The Company is therefore selective in the types of property accepted as collateral, the reliance on the appraisal of the property, and its geographic location. As at March 31, 2018, the Company has only issued uninsured residential mortgages on properties located in Ontario.

Downward economic impacts

The Company predominantly lends to borrowers in urban and suburban areas of Ontario. Although these lending areas are among Canada's largest housing markets, a significant economic shock to the regional economy could have a disproportionately adverse impact on the mortgage portfolio compared to the impact for a lender with a more regionally or nationally diversified mortgage portfolio. The Company has recently begun lending operations in the Western provinces, focused mainly on British Columbia and Alberta, which over time will provide for a more geographically diversified portfolio.

Residential Mortgage Portfolio Disclosure (\$000)

Insured vs. Uninsured		
Residential mortgages, insured	-	-
Residential mortgages, uninsured	\$ 1,221,196	100%
HELOCs, insured	-	-
HELOCs, uninsured	-	-
Amortization period based on %		
Under 20 years		0.51%
20-24 years		2.99%
25-29 years		27.00%
30-34 years		69.47%
35 years and greater		0.03%
Average LTV of Mortgages Originated During the Quarter		
Residential mortgages		70.54%
HELOCs		-