



Mortgage Deferral Program

Frequently Asked Questions

Introduction

Mortgage payment deferrals are available for our customers experiencing hardship. A mortgage payment deferral means that you will not be required to make regular payments on your residential mortgage (principal, interest and property taxes, if applicable) for a period selected by you, up to 6 months. Note: this mortgage payment deferral program is not mortgage forgiveness. During the time you defer your mortgage payments, interest will continue to accrue and will be added to the outstanding balance of the mortgage at the end of the deferral period. The amount is incorporated into the monthly payment when mortgage payments resume at the end of the deferral period.

What is mortgage payment deferral?

Mortgage payment deferrals are available for customers experiencing financial hardship due to COVID-19. A mortgage payment deferral means that you will not be required to make regular payments on your residential mortgage (principal and interest) for a period selected by you, up to 6 months.

During the time you defer your mortgage payments, interest will continue to accrue and will be added to your mortgage account balance at the end of the deferral period. This means your payments will be adjusted higher after the deferral period ends. While you will pay more interest over the life of your mortgage, a deferral will help you with your short-term cash flow.

Your principal residence and up to three non-principal residences may be eligible for mortgage payment deferrals.

The deferral refers to an agreement between you (and all other co-borrowers and guarantors) and SBI Canada Bank (SBIC). The agreement will provide that you and SBIC



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have agreed to suspend your mortgage payments for a certain period. Please note that it is only a temporary measure. At the end of the deferral period, your mortgage payments will return to normal and the missed payment – including principal and accumulated interest – repaid.

Mortgage with multiple borrowers or guarantors

If there are co-borrowers or guarantors for your mortgage, please make sure you have their consent to submit a payment deferral request.

How can mortgage payment deferrals help you?

A mortgage deferral helps you when you're struggling to make your payments by allowing you to skip your mortgage payment for a specified period of time (up to six months).

Are the deferred payments erased or cancelled?

The mortgage deferral agreement does not cancel, erase or eliminate the amount owed on your mortgage. Deferral does not mean mortgage forgiveness. A mortgage payment deferral means that payments are skipped for up to 6 months, during which time interest is accrued to the outstanding balance of the mortgage. The amount is incorporated into the monthly payment when mortgage payments resume at the end of the deferral period. Mortgage forgiveness, by comparison, means that a lender cancels or forgives part of the debt. ***SBIC is extending mortgage payment deferrals, and not mortgage forgiveness.***

Do I need to repay the deferred payments?

Yes, you will need to repay the amounts of the deferred payments, including both principal and interest.



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How do I repay the deferred amounts?

The unpaid interest on your mortgage during the deferral period continues to be added to the outstanding principal of your mortgage. When your mortgage payments start again, your payment will be based on the total amount you then owe to pay off your mortgage, in accordance with your original payment schedule.

Although your interest rate does not change, your overall cost of borrowing will increase, because interest on your loan continues to accrue even though the payments are deferred to the end of the contract. Just before the Deferral Period is over, we will provide you with a new Cost of Borrowing Disclosure statement indicating the increase.

How do I know if I am eligible for a mortgage payment deferral?

Customers with an insured or uninsured mortgage who are affected by COVID-19 can seek relief from SBIC. Customers will answer a few questions to prove hardship. Both your principal residence and up to 3 non-principal residences may be eligible for mortgage payment deferrals.

No credit application is required, but please make sure all co-borrowers and guarantors' consent to mortgage deferral when you contact us.

Insured mortgages that are overdue for 90 days or more as of March 1, 2020 are not eligible for deferral.

Each application for the deferment of mortgage will be assessed by SBIC on a case-by-case basis. SBIC will need to determine if your household income has been affected to a point where you cannot make your mortgage payments.

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Your household income might be affected due to the following reasons:

- 1. Covid-19: Self-isolation / caring for others**
- 2. Covid-19: Temporary loss of employment**
- 3. Covid-19: Income disruption due to reduced hours / pay**
- 4. Covid-19: Loss of revenue >30%**

SBIC will request documents to substantiate any of the above reasons.

We may require a record of employment, or letter from your employer indicating a serious reduction in hours or pay, signed by your immediate supervisor or HR department of your employer to authenticate your request. You agree that SBIC may also contact any of the above during the process of assessing the application.

Is there a deadline for requesting mortgage payment deferral?

Mortgage payment deferral is available at any time for customers experiencing financial hardship on a case-by-case basis.

To discuss a mortgage payment deferral, you can speak to your branch advisor or call our Contact Centre. There is no need to rush. Unless you have a payment due in the next 7 days, we ask that you wait to reach out so we can help individuals with more urgent needs.

How would a mortgage deferral change my payments?

In this example, deferring mortgage payments for 6 months results in total of \$4,438 of additional interest cost added to the balance of the mortgage at the end of the deferral period. This is based on a \$300,000 mortgage balance with a 3% fixed interest rate, deferral period of 6 months, and a remaining amortization of 20 years. The resulting new payment after the deferral period is 3.4% higher than it was before the deferral.

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Interest rate 3%	Start of Deferral Period	End of Deferral Period
Mortgage Balance	\$300,000	\$3,04,438
Payment Amount (monthly)	\$1,661	\$1717
Remaining Amortization	20 years 0 months	19 years 6 months
Total cost of 6 payments deferred	\$5,858	

These calculations are provided for illustration only and are not intended to provide the actual impact. **To understand the actual impact of deferment on your mortgage, please visit your SBIC branch.** The costs associated with deferring your Mortgage payment will vary with the characteristics of your mortgage. The calculations assume a constant interest rate for the entire amortization period, but actual interest rates will vary over the amortization period.

What happens if I accept these measures?

If approved, an amendment letter will be sent confirming the payment deferral and any changes to the Mortgage loan agreement. Information relating to your mortgage payment deferral request will be sent via regular email to the email address you have confirmed in this request.

You must continue to pay any insurance and property taxes that are due during the Deferral Period.

Even though your credit score is not impacted if you accept one of these measures, you may want to speak to your branch to ensure you understand the financial implications.



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What are my options?

Payment deferral is for people who will struggle to make their next mortgage payments. If you can – you should make your payments.

If – at any point in this crisis – you think you won't be able to make your regular mortgage payment, it's important for you to take action. Contact us before you miss a payment.

To apply for a Mortgage Deferral, [click here](#)