

Notice regarding the removal of the requirement to apply the Minimum Qualifying Rate when uninsured hypothecary loans are renewed with a new AMF-regulated hypothecary lender

The Autorité des marchés financiers (**AMF**) wishes to provide hypothecary lenders with a robust framework that is calibrated to account for changing market conditions and is harmonized with the framework for federally regulated mortgage lenders.

Effective immediately,¹ the AMF will no longer require AMF-regulated hypothecary lenders to apply the Minimum Qualifying Rate (**MQR**) at the renewal of uninsured hypothecary loans where such loans are renewed with a new financial institution. The lender will need to ensure, however, that:

- the initial lender was an AMF-regulated financial institution or a financial institution regulated by a regulator recognized in Canada;
- the MQR test was applied when the loan was made;
- the renewal of the hypothecary loan does not entail any increase in the remaining contractual amortization period; and
- the renewal of the hypothecary loan does not entail any increase in the loan amount. A maximum one-time sum of \$3,000 will be permissible to cover transaction costs.

The AMF expects financial institutions that renew hypothecary loans made by another financial institution to apply sound and prudent hypothecary loan underwriting practices as described in the [Residential Hypothecary Lending Guideline](#). These expectations include due diligence on the borrower's credit history and an adequate assessment of the borrower's capacity to service debt obligations on a timely basis. In addition, the gross debt service (**GDS**) ratio and the total debt service (**TDS**) ratio must be prudently calculated and adapted to various financial conditions.

Further information

Further information is available from the AMF Information Centre:

Québec City: 418-525-0337
Montréal: 514-395-0337
Toll-free: 1-877-525-0337
www.lautorite.qc.ca

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¹ An amendment will be to the expectations in the *Residential Hypothecary Lending Guideline* made at a later date.