

# RRSP Loan Guide

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**NATIONAL  
BANK**

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**ADVISOR  
BANKING SERVICES**

National Bank (Bank), through our partnership with you, can provide your clients with a comprehensive offering of financing and deposit solutions to help you secure their loyalty. Together, we can help them carry out projects that are important to them, whether in the short or long term.

This guide contains all the information your clients need to take advantage of the benefits offered by the Bank’s products under our partnership. We hope it will answer all your questions, but if not, please contact us so that we can address your needs.

Thank you for your confidence in our partnership and banking solutions. We make every effort to prove ourselves worthy of it. Because our commitment to quality customer service extends to you and your clients, you can be sure they are in good hands with us when you give us the privilege of working with them.

Feel free to contact us. Our Advisor Distribution Banking Centre is open Monday to Friday, from 8 a.m. to 6 p.m. Eastern Time.

**We look forward to doing business with you and your clients!**

**To reach National Bank**

**Banking Centre**

National Bank Banking Centre –  
Advisor Banking Services  
500 Place d’Armes, 22<sup>nd</sup> Floor  
Montreal, Quebec H2Y 2W3

**Telephone**  
**1-800-901-0215**  
Monday to Friday, from 8 a.m. to 6p.m.  
Fax: **1-888-307-2997**  
**sbc-abs@nbc.ca**



**Banking Service Centre  
(customer service)**

**Telephone**  
**1-866-444-1379**  
Monday to Friday, from 6 a.m. to 10 p.m.

**I want to sign up**

- |  |   |
|--|---|
| <b>What do I need to know before signing up?</b> | › Your head office has to have a partnership agreement with National Bank before you can sign up. For more information, contact your head office. |
| <b>What should I do?</b>                         | › Contact your head office to find out more about the procedure.  |

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# Features

<b>Description</b>	An RRSP <sup>1</sup> loan is unsecured financing offered to clients in order to allow them to contribute to their RRSP and take advantage of tax deductions.
<b>Target clients</b>	<p>For clients who want to:</p> <ul style="list-style-type: none"> <li>› Plan for retirement</li> <li>› Maximize their RRSP contribution</li> <li>› Catch up on their unused contributions</li> </ul>
<b>Features</b>	<ul style="list-style-type: none"> <li>› Simplified or complete application<sup>2</sup></li> <li>› Minimum amount \$1,000</li> <li>› No maximum amount</li> <li>› Single disbursement</li> <li>› Fixed or variable interest rate<sup>3</sup></li> <li>› Term between 3 and 60 months</li> <li>› First payment can be deferred by 3 or 6 months<sup>4</sup> <ul style="list-style-type: none"> <li>– Interest continues to accrue during this period;</li> <li>– Monthly payments only are possible.</li> </ul> </li> <li>› Opportunity to defer a payment at the end of the term</li> <li>› Payment frequency: weekly, every two weeks or monthly</li> <li>› No application fees</li> <li>› No penalty charges for partial or full repayment of the loan before term</li> </ul>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>› New and existing clients<sup>5</sup></li> <li>› Single and joint applicants</li> </ul>
<b>Advantages</b>	<ul style="list-style-type: none"> <li>› An RRSP loan provides clients with easy access to funds so they can contribute to their RRSP while enjoying a competitive interest rate</li> <li>› Opportunity to contribute more to an RRSP and take advantage of larger tax deductions</li> <li>› In certain circumstances, possibility of repaying the loan using the tax refund</li> <li>› Flexible repayment formulas tailored to the client</li> </ul>
<b>How it works</b>	<ul style="list-style-type: none"> <li>› Life and disability insurance available.</li> <li>› Payment via electronic funds transfer from the client's personal bank account</li> <li>› To calculate the payment on a variable-rate loan, one month is subtracted per year of term to avoid a balance at expiry, in case interest rates increase over the term. For example, for a 24-month loan, 2 months will be subtracted when calculating payments. Payments will therefore be calculated based on a 22-month term.</li> <li>› Annual statement produced on December 31</li> </ul>

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Repayment options	<p><b>Fixed rate<sup>3</sup></b></p> <ul style="list-style-type: none"> <li>› Fixed payments: principal and interest</li> </ul> <p><b>Variable rate<sup>3</sup></b></p> <ul style="list-style-type: none"> <li>› Variable payments: principal PLUS interest (two separate payments)</li> <li>› Equal payments: principal and interest</li> </ul>
Payment frequency	Weekly, every two weeks or monthly
Disbursement at a later date	<p>It is possible to request that the loan be disbursed at a later date.</p> <ul style="list-style-type: none"> <li>› This option is available for variable rate loans only.</li> </ul> <p><i>The option to disburse at a later date is <u>not</u> available for refinancing and transfers.</i></p>
Deferred payments	<p>The first payment<sup>4</sup> can be deferred by 3 or 6 months. Interest incurred will be added to loan balance.</p> <p><i>The deferred payment option is <u>not</u> available for refinancing and transfers.</i></p>

# RRSP programs

	Simplified process (Type 1) <i>Using the RRSP loan to "complement" an annual RRSP contribution</i>	Full process (Type 2) <i>Using the RRSP loan as an "adjustment" as part of retirement planning</i>
What is the minimum RRSP loan amount?	\$1,000	
Rate	Fixed or variable	
Maximum amount	\$25,000	None
Term of the loan	3 to 24 months	\$1,000 to \$5,000: 3-24 months \$5,001 to \$20,000: 3-48 months \$20,001+: 3-60 months
Full balance sheet	Not required	Required
Preuves de revenu	Not required	Required
Preuves d'actifs	Not required	Required
Documents required	<ul style="list-style-type: none"> <li>› RRSP loan application and</li> <li>› Personalized void cheque.</li> </ul>	<ul style="list-style-type: none"> <li>› RRSP loan application and</li> <li>› Balance sheet (integrated into the credit application) and</li> <li>› Proof of income and assets and</li> <li>› Personalized void cheque.</li> </ul>

# Required documents – RRSP loan

› **Cost of Borrowing Disclosure Statement under Section 450 of the *Bank Act***

– Variable-rate term loan – F.17662V

or

– Fixed-rate term loan – F.17662F

Note: The Cost of Borrowing Disclosure Statement must be completed before applicants sign their credit application. Applicants must keep a copy.

› **RRSP loan application – F.18785 and appendix to the credit application F.32014**

› **Supporting documents:**

– Personal specimen cheque

## If applicable

- › Balance sheet (Page 2 of the RRSP loan application)
- › Proof of income (copy of original documents)
- › Proof of assets (copy of original documents)

## Notes

- › Documents must be duly signed and dated.
- › Any changes to the forms must be initialled.
- › The use of liquid paper or corrective tape is prohibited.

## After the loan is disbursed, the following documents will be mailed to the client

- › Welcome letter
- › Strictly Between You and Us (F.17671)
- › Cost of Borrowing Disclosure Statement under Section 450 of the *Bank Act* (F.17662V or 17662F)

# Acceptable proof of assets and income

## Confirmation of assets

*Before accepting a copy of any proof of assets, the advisor must have seen the original document.*

### Acceptable documents include:

- › Account statement dated within three months of the application date (or annual account statement, if applicable)
- › Most recent property tax bill
- › Bank account statement showing a substantial balance

### Savings

Savings should have a clear and measurable value that is not likely to depreciate very much over time.

- › Bank accounts
- › Non-registered accounts, including TFSAs
- › Registered accounts, including RRIAs, RRSP, and RESPs  
You cannot accept LIRAs, LRSPs or LIFs.

*If value is in USD:*

*Convert the amount to CAD using the average exchange rate over the past year.*

### Documents to obtain

Account statements dated within 3 months of the application date and including the following information:

- › Name of account holder
- › Name of financial institution
- › Value
- › Description of investment
- › Co-holder

### Percentage of assets to consider

Bank accounts:

- › 100% of the lowest balance over the past three months.

Non-registered savings:

- › 100% of the balance on the most recent account statement.

Registered savings:

- › 70% of the balance on the most recent account statement. Do not consider the entire amount because the client will have to pay taxes to withdraw from their registered savings.

### Real property

#### Documents to obtain

The documents obtained must confirm:

- › The full address of the property
- › The names of all owners
- › The property value and basis used to determine that value
  - Offer to purchase
  - Property tax bill

- Full appraisal
- Notarized deed
- Standardized value entered on the property roll

**100% of the value appearing on the document obtained can be considered.**

### Personal property

You can accept personal property if you obtain an appraisal from an independent and reputable professional, specifying the names of all owners.

If the property is a vehicle, it can only be accepted if it is associated with a debt. The recognized value must be equivalent to the debt on the client's balance sheet.

### Jointly owned assets

Divide the value of the asset between owners equally or based on their ownership share, if applicable.

- › **Example 1:** The client holds a \$30,000 investment with 2 other people. 1/3 of the value can be considered on the balance sheet, i.e., \$10,000.
- › **Example 2:** If the client's T776 indicates that they own 50% of a property worth \$300,000, consider 50% of its value, or \$150,000, on the balance sheet.

### Assets not accepted

- › Assets in the name of a trust or holding company
- › Assets belonging to an individual's business or a private company (e.g., shares)
- › Amounts receivable
- › Life insurance death benefits
- › Vacant lots
- › A share in real property or a property company owned jointly with others
- › Property outside Canada
- › Mobile homes not anchored to the ground that are not secured by a collateral mortgage
- › Any other personal property (jewelry, artwork, vehicles, boats, aircraft, etc.) that does not meet the conditions



## Eligible income and proof required

This section is intended to set out the eligibility of the various types of income identified and the proof required to confirm the repayment capacity of the client(s).

### The documents requested are intended to:

- › Prevent fraud
- › Validate information about current employment
- › Verify declared income
- › Confirm stable and continued income

In certain cases, when analyzing a client's file, the Advisor Distribution Banking Centre may require additional proof of income not mentioned in this section.

### The advisor is responsible for:

- › Obtaining the original documents
- › Ensuring documents are legible and free of deletions
- › Personally making photocopies
- › Validating that the documents are consistent with the information provided by the client

Documents (pay slips, etc.) printed by the client from an electronic file (employer's website) are acceptable if they contain all relevant information (name of the employer, gross income, hourly rate, etc.).

These documents are deemed to be originals.

### Income taxes paid up

Checking that income taxes are paid up allows us to make sure the applicant does not have a significant unpaid income tax balance federally or provincially. This can be verified using the applicant's notice of assessment:

- › Federal and provincial for clients in Quebec
- › Federal only for clients outside Quebec

### This check must be performed to validate whether the client's taxes are paid up if the applicant is in one of the following categories:

- › Self-employed worker or commission-based employee with eligible deductions/registered small business, business owner
- › Seasonal worker
- › Retiree
- › Salaried employee who provides a notice of assessment as proof of income
- › Salaried employee with U.S. employment income
- › For income from dividends, trusts and investments, annuities received via an RRIF, life annuity/temporary or term annuity

No payment verification is carried out if the income tax payable is less than \$1,000.

For unpaid balances greater than \$1,000, a latitude equal to 5% of the applicant's gross income (up to a maximum unpaid balance of \$20,000) is granted (in Quebec, this amount includes unpaid federal and provincial taxes).

**E.g.:** No payment verification is required when a borrower has an unpaid balance of \$5,000 payable on their notice of assessment, provided their declared income on the same notice is \$100,000 or more (\$100,000 x 5%).

Beyond this percentage, the client must show that the payment has been made. The Bank accepts the following proof of payment:

- › Payment confirmation by the provincial or federal government, as applicable
- › Bank statement
- › Copy of the cheque cashed by the government

### IMPORTANT

If the client is unable to provide proof of payment in full, their options are as follows:

- › Pay the balance in full, with financing and control disbursements. Proof of payment must be on file, and the new financing must appear on the client's balance sheet.
- › Terminate the application.

### Notice of assessment

A copy of the notice of assessment can be obtained using the "My Account" online service:

- › Quebec: Go to [revenuquebec.ca](https://revenuquebec.ca) and click on Online Services: Forms and Publications > My Account > Access.
- › Canada: Go to [arc.gc.ca](https://arc.gc.ca) (My Account section).

A paper copy of an online notice of assessment is acceptable as long as:

- › It is printed by the advisor.
- › The advisor signs and dates the document, after adding the following clause: "I hereby confirm that I printed this document from the Canada Revenue Agency website."

### T1 General

Income tax and benefit return. Must always be accompanied by the federal notice of assessment and, for rental properties, Form T776 – Statement of Real Estate Rentals.

### T4 Statement of Remuneration Paid

Declares employment income, commissions, taxable allowances or benefits, etc.

### Pay stub

- › Dated within one month of the application date.
- › Must contain the name of the employer, gross income or hourly rate and year-to-date earnings. If year-to-date earnings are not specified, here are some alternatives, presented in order of priority:
  - Two pay stubs
  - Proof of deposit to the bank account

*COVID-19: Increased diligence is required during the pandemic. Obtain the client's most recent pay stub, according to their payment frequency.*

### Letter from employer

- › Dated within one month of the application date.
- › Signed, not handwritten, on the employer's letterhead.

- › Must specify:
  - Hiring date
  - Base hourly rate or annual salary
  - Position held (dental hygienist, executive assistant, etc.)
  - Employment status (full time, part time, contract, etc.)
  - Probation status (only if hired less than 6 months prior)

**N. B.** Employees still on probation are eligible on the condition that they have permanent status at the time of disbursement.

- Any other benefits
- Date of return to work, when required
- › Must always be accompanied by a pay stub or proof of salary deposit.

*COVID-19: Increased diligence is required during the pandemic. The bank may require clients to obtain a more recent letter from their employer.*

### Proof of deposit to bank account (NB or other institution) or account statement

- › Dated within one month of the application date.
- › Specifying the borrower's name, account number and transit.
- › Permitting identification of the payer or issuer of the deposit to be validated.
- › Confirming at least one month of deposits.

### Investment statements

- › Dated within three months of the application date.
- › Specifying the borrower's name and the investment account number
- › Issued by a publicly recognized institution.

### Letter from an issuing institution

- › Commonly used when eligible income is payable by insurance companies, financial institutions or government agencies.
- › Obtain the most recent letter issued confirming the name of the issuing entity and any relevant information relating to payments depending on the type of income.

### Other types of documents

- › Copies of leases.
- › Other tax slips (T4E, T4A or T4RIF, Relevé 2 or Relevé 16, T5007 or Relevé 5, T776, T5, etc.)
- › Financial statements, etc.

Types of income not eligible

The following types of income are not eligible for retail credit products:

- › Canada Child Allowance (including provincial and territorial programs and benefits for disabled children)
  - › Employment insurance (except for seasonal workers)
  - › Balance of sale
  - › Scholarships
  - › Capital gains
  - › Withdrawals from RRSPs and investments
  - › Hobby farm income
- › Foreign employment income other than from the United States
  - › Unreported rental income without lease or rental income from boarders
  - › Investment income (interest and dividends) from a financial institution abroad.
  - › Undeclared income
- Note:** The content of this section is subject to change without notice.

Full and part-time salaries

- › Permanent employees with guaranteed hours (full-time and part-time employees)
- OR**
- › Public or para-public employees who have been employed for more than six months (with or without probation).

**Note:** Bilingual premium accepted for public employees.

Eligibility	Proof to obtain
<p><b>100% eligible</b></p> <p>Permanent part-time jobs based on the guaranteed number of hours.</p> <p><b>Secondary employment</b></p> <p>Income from a second job is eligible if demonstrated over a period of at least two years with the same employer or in the same field.</p>	<p><b>Client employed for less than six months</b></p> <ul style="list-style-type: none"><li>› Letter from employer</li><li>› Pay stub or proof of salary deposit</li></ul> <p><b>Client employed for six months or more</b></p> <ul style="list-style-type: none"><li>› Pay stub</li></ul> <p><b>OR</b></p> <ul style="list-style-type: none"><li>› Proof of salary deposit or letter from employer</li></ul>

### Variable employment income

The stability of this type of income must be demonstrated over a period of at least two years (same employer or same field)

- › Commissions without eligible deductions
- › Seasonal employment with the same employer or in the same field
- › Contract or on call employment with the same employer or in the same field
- › Overtime and bonuses
- › Tips
- › Secondary employment

Eligibility	Proof to obtain
<ul style="list-style-type: none"> <li>› 100% eligible based on the average of the past two years or the previous year, whichever is lower</li> </ul>	<p>To demonstrate that the client is currently earning income, obtain one of the following documents:</p> <ul style="list-style-type: none"> <li>› Pay stub</li> <li>› Letter from employer</li> <li>› Proof of salary deposit</li> <li>› Proof of employment insurance for a seasonal or contract job</li> </ul> <p><b>N. B.</b> Proof of deposit to the account only accepted for:</p> <ul style="list-style-type: none"> <li>– Conventional or CMHC-insured financing – must cover 2 months</li> <li>– Loans and lines of credit – must cover 1 month</li> </ul> <p><b>AND</b> to calculate the income to be considered, obtain one of the following:</p> <ul style="list-style-type: none"> <li>› T4 (and T4E if applicable) for the past two years or</li> <li>› Federal notice of assessment for the past two years</li> <li>› You can combine a T4 and a notice of assessment to cover two separate years.</li> </ul>

### Self-employed workers and business owners

Borrowers must have exercised their activities or operated their business for at least two consecutive years.

- › Self-employed workers
- › Commission-based employees with eligible deductions
- › Individuals whose income is derived from a registered small business
- › Individuals whose income is derived from an incorporated business

Eligibility	Proof to obtain
<ul style="list-style-type: none"> <li>› 100% eligible based on the average of the past two years or the previous year, whichever is lower (income from parental/preventive leave is eligible)</li> </ul> <p><b>Applicable to self-employed workers and registered businesses only:</b></p> <ul style="list-style-type: none"> <li>› Increase the net income by 15%</li> </ul>	<ul style="list-style-type: none"> <li>› T1 General for the past two years</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› Federal notice of assessment for the past 2 years</li> </ul> <p><b>AND</b> for owners of incorporated businesses:</p> <ul style="list-style-type: none"> <li>› Financial statements for the past 2 years</li> </ul>

*COVID-19: Increased diligence is required during the pandemic. The client must demonstrate that they are currently working by providing their latest pay stub or salary deposit according to their pay frequency*

OR

*The most recent contract/invoice in effect*

OR

*The most recent personal or company account statement showing deposits*

## Disability income

- › Salary or income insurance benefits received
- › Compensation from CNESST, CSPAAT, SAAQ, FSCO, etc.
- › Permanent or temporary disability pension

**IMPORTANT:** Lump-sum payments are not eligible.

Eligibility	Proof to obtain
<ul style="list-style-type: none"> <li>› 100% eligible.</li> <li>› Possible increase when non-taxable (increased by 25% if less than \$30,000 and by 35% if \$30,000 or more).</li> </ul> <p><b>Exception:</b> If return to work is expected in 6 months or less, consider 100% of employment income.</p>	<ul style="list-style-type: none"> <li>› Letter from issuing institution or T5007 or T4A or Relevé 5</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› Pay stub or proof of deposit to the account</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› Letter from the employer guaranteeing the position at the end of the disability (except for permanent disability)</li> </ul> <p><b>Exception:</b> If return to work is expected in 6 months or less, obtain a letter from the employer specifying the return-to-work date and the documentation required for the type of employment.</p>

## Parental and preventive leave

Eligibility	Proof to obtain
<ul style="list-style-type: none"> <li>› Consider 100% of employment income, if the return-to-work date is within 12 months of the expected delivery date</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>› Consider 60% of employment income if the return-to-work date is not specified or is more than 12 months from the delivery date</li> </ul> <p><b>Important:</b> The eligibility criteria for each type of employment must be met.</p>	<ul style="list-style-type: none"> <li>› Letter from employer (specify return-to-work date if 100% of income considered)</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› Letter from the issuing institution (salary insurance, QPIP statement, parental insurance, etc.) or cheque stub or proof of deposit to the account.</li> </ul> <p><b>Important:</b> If the client has variable income or is a self-employed worker or business owner, the documentation required for this type of income must also be obtained to calculate the income to be considered.</p>

## Income from investments

- › Dividends from a holding company
- › Trust (must be irrevocable and confirmed by a trust deed or a letter from the executing notary or trust)
- › Interest or dividends from an investment

**IMPORTANT:** Income from redeeming investments is not eligible.

Eligibility	Proof to obtain
<ul style="list-style-type: none"> <li>› 100% eligible based on the average of the past two years or the previous year, whichever is lower.</li> <li>› Securities must be issued by publicly recognized institutions.</li> </ul>	<ul style="list-style-type: none"> <li>› Federal notice of assessment for the previous year</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› T1 General or T3 or T5 for the past two years</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› Latest financial statements (for holding companies and trusts)</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› Recent account statements (for securities)</li> </ul>

### Retirement income

- › QPP, RPP, CPP, OAS, GIS
- › Pension benefits from abroad
- › Surviving spouse's pension

Eligibility	Proof to obtain
<ul style="list-style-type: none"> <li>› 100% eligible.</li> </ul>	<ul style="list-style-type: none"> <li>› Federal notice of assessment for the previous year</li> </ul> <p><b>And one of the following documents:</b></p> <ul style="list-style-type: none"> <li>› Cheque stub or proof of deposit to account (deposit covering 3 months for insured financing or 1 month for conventional financing, loans and lines of credit)</li> <li>› T1 General or Relevé 2 or T4A or any other form issued by the provincial or federal government</li> <li>› Letter from the issuing institution</li> </ul>

### Income received under an RRIF, a life annuity or a term certain annuity

Eligibility	Proof to obtain
<ul style="list-style-type: none"> <li>› 100% eligible.</li> </ul> <p><b>Note:</b> The balance in the RRIF account or the life annuity must cover a minimum of 10 years when granting mortgage financing, five years when granting a personal line of credit and the equivalent of the amortization period when granting a personal loan.</p>	<p><b>RRIF and LIF</b></p> <ul style="list-style-type: none"> <li>› Federal notice of assessment for the previous year</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› Most recent RRIF or LIF account statement</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› T4RIF</li> </ul> <p><b>Life annuity and term certain annuity</b></p> <ul style="list-style-type: none"> <li>› Federal notice of assessment for the previous year</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› Relevé 2 or T4A or T4RIF</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› Letter from an issuing institution with confirmation of the term and amount of the annuity</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› Pay stub or proof of deposit to the account</li> </ul>

### Income earned by a physician

- › Real income

Eligibility	Proof to obtain
Based on the lesser of the average of the past two years or the previous year.	Federal notice of assessment for the past 2 years
<p><b>N. B.</b> For physicians who are unable to demonstrate two full years of practice on their Notice of Assessment, their qualification will be based on and demonstrated through a single Notice of Assessment.</p>	

### Income from rental properties

- › Properties of 1 to 4 units for which the financing is being requested.

Eligibility	Proof to obtain
<ul style="list-style-type: none"> <li>› 50% of gross rental income.</li> </ul>	<p><b>Purchase</b></p> <ul style="list-style-type: none"> <li>› Copies of leases or renewals signed within the past 2 years</li> </ul> <p><b>Refinancing</b></p> <ul style="list-style-type: none"> <li>› Copies of leases or renewals signed within the past 2 years</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>› T1 General, federal notice of assessment and T776 for the previous year demonstrating 12 months of rental income</li> </ul>

- › Properties on the balance sheet occupied by the client
- › Rental-only properties on the balance sheet not demonstrating 12 full or normal months of rental (e.g., unit not rented for part of the year due to renovations, owner for less than 12 months, building refinanced in the past year)

Eligibility	Proof to obtain
<p><b>Net rental income based on 50% of gross income</b></p> <ul style="list-style-type: none"> <li>› Carry out the following calculation: Consider 50% of gross rental income and deduct: <ul style="list-style-type: none"> <li>– Mortgage payment (principal and interest)</li> <li>– Condo fees (if applicable)</li> </ul> = Profitability of the building</li> <li>› If the profitability of the building is positive: Consider only the share belonging to the owners on the application.</li> <li>› If the profitability of the building is negative: Consider the full amount of the loss.</li> </ul>	<ul style="list-style-type: none"> <li>› T1 General and federal notice of assessment for the previous year</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› T776</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› Mortgage statement or credit bureau information with clearly identified mortgage payment</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>› Copies of leases or renewals signed within the past 2 years</li> </ul>

- › Rental-only properties on the balance sheet demonstrating 12 full and normal months of rental.

Eligibility	Proof to obtain
<p><b>Based on net rental income according to the T776, carry out the following calculation</b></p> <ul style="list-style-type: none"> <li>› From the gross rental income (line 8299), deduct: <ul style="list-style-type: none"> <li>– All expenses included in the T776 (except interest and depreciation), including property and school taxes, heating, insurance, condo fees if applicable, etc.</li> <li>– Mortgage payment (principal and interest)</li> </ul> = Profitability of the building</li> <li>› If the profitability of the building is positive, consider only the share belonging to the owners on the application.</li> <li>› If the profitability of the building is negative, consider the full amount of the loss.</li> </ul>	<ul style="list-style-type: none"> <li>› T1 General and federal notice of assessment for the previous year</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› T776</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› Mortgage statement or credit bureau information with clearly identified mortgage payment</li> </ul>

## Vehicle allowance

Eligibility	Proof to obtain
<ul style="list-style-type: none"> <li>› 100% eligible.</li> <li>› Must be a taxable benefit.</li> <li>› Must be paid for more than a year.</li> </ul>	<ul style="list-style-type: none"> <li>› T4</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>› Letter from the employer specifying the initial date of the allowance (minimum one year) and that this is a taxable benefit</li> </ul>

## Foster families

One or two persons receiving in their primary residence children entrusted to them by a public institution (e.g., DPJ, children's aid society), in order to meet their needs and provide them with living conditions fostering a parent-child relationship in a family-like environment.

### IMPORTANT

- › The caregivers must have at least 2 years as a foster family for this income to be considered
- › Applicants must reside in the foster home
- › The maximum number of children in care must not exceed six, including their own children

Eligibility	Proof to obtain
<ul style="list-style-type: none"> <li>› 100% eligible based on the average of the past 2 years or the previous year, whichever is lower.</li> </ul>	<ul style="list-style-type: none"> <li>› Pay stub or proof of deposit to the account</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› Letter from the public institution indicating how long applicants have been foster parents, the contract start date, the current number of children and the number of children authorized</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› Relevé 29 or T5007 for the past 2 years</li> </ul>

## Adult foster homes

One or two persons receiving in their primary residence adults or seniors entrusted to them by a public institution in order to meet their needs and provide them with a home-like environment.

### IMPORTANT

- › The caregivers must have at least 2 years as a foster home for this income to be considered
- › The property used as a foster home is not eligible for financing
- › The income must not come from the beneficiary

Eligibility	Proof to obtain
<ul style="list-style-type: none"> <li>› 100% eligible based on the average of the past 2 years or the previous year, whichever is lower.</li> </ul>	<ul style="list-style-type: none"> <li>› Pay stub or proof of deposit to the account</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› Letter from the public institution, indicating how long applicants have operated a foster home and specifying the number of adults authorized</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› Relevé 29 or T5007 for the past 2 years</li> </ul>



## Family support payments

Support payments for a child or ex-spouse

Eligibility	Proof to obtain
<ul style="list-style-type: none"> <li>› 100% eligible.</li> </ul> <p><b>Criteria</b></p> <ul style="list-style-type: none"> <li>› This income must represent less than 30% of the borrower's total income</li> <li>› The payments must have been received for at least one year and demonstrated in the T1 General</li> </ul> <p>If any of these criteria is not met, consider only 50%.</p> <p><b>Eligible products</b></p> <ul style="list-style-type: none"> <li>› All types of financing except personal lines of credit.</li> </ul>	<p><b>100% eligible</b></p> <ul style="list-style-type: none"> <li>› Federal notice of assessment for the previous year and T1 General</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› Check stub or deposit to account or proof of support payments received identifying the payer and the beneficiary, dated within a month of the application date</li> </ul> <p><b>50% eligible</b></p> <ul style="list-style-type: none"> <li>› Check stub or proof of deposit to the account over the past 3 months</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› Copy of the decree (support payment section showing amounts paid, frequency and duration) or federal notice of assessment for the previous year and T1 General or proof of support payments received identifying the payer and the beneficiary, dated within a month of the application date</li> </ul>

## Employees with U.S. income

The client lives in Canada but works in the United States. They declare their income in Canada and pay tax. Convert the client's salary to CAD using the average exchange rate over the past year ([bankofcanada.ca](http://bankofcanada.ca)).

Eligibility	Proof to obtain
<p>See eligibility of fixed and variable income.</p>	<ul style="list-style-type: none"> <li>› Federal notice of assessment for the previous year and W-2 for the past 2 years or notice of assessment for the past 2 years</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>› Pay stub</li> </ul> <p><b>OR</b></p> <p>Proof of deposit to the account (available for loans and lines of credit only)</p>

**NOTE:** The content of this document is subject to change without notice.

# Documents accepted for identification purposes

Under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (THE ACT), financial institutions are required to identify anyone who opens an account or applies for a financial service.

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## Identity document requirements

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- › You must pay special attention to the information on identity documents, such as the print type, spelling and date of birth of the client or of the Purchaser's authorized representatives, their photograph (if applicable) and signature.
- › If the name appearing on the identity documents differs from one document to another, you must ask the client or their authorized representative(s), as applicable, for legal proof or a copy of legal proof, attesting to the change of name. It is up to the client to confirm this change.
- › If the address on one identity document provided differs from the address of residence or business address, you must ask the client or their authorized representatives, as applicable, for written proof of the change of address (e.g., recent utility bill, such as telephone bill, electricity bill or other), and to provide a copy to the Bank.
- › You must make sure that the signature of the client or their authorized representative(s), as applicable, appearing on the documents and forms matches the one on the documents used for identification purposes.

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## Methods of identification under the Act

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- › In the presence of the person to be identified
- › Identification is done by an authorized representative who must obtain an original category A identity document) or two original category B, C or D identity documents provided by the person being identified.
- › Social insurance cards are no longer accepted as identity documents.
- › When there is an expiry date on an ID, it must be indicated in the paper application and entered in the online application in POS.
- › Original identity documents used to identify the applicant(s) must be legible, valid, in good condition, and written in a language you understand. If only photocopies, true copies or certified copies are submitted, do not complete the application.

Please refer to the following page for the detailed list of acceptable identity documents

# Acceptable identity documents

## Examples of photo ID that can be accepted

The following list provides examples of acceptable photo ID issued by federal, provincial or territorial authorities. This is not an exhaustive list.

Photo ID issued by a foreign government can be acceptable if it meets the same criteria as a valid Canadian identity document.

### Examples of eligible identity documents with photo

- › Canadian passport (or a passport from a foreign country that meets the same criteria as a Canadian passport)
- › British Columbia Services Card
- › Permanent resident card
- › British Columbia Enhanced ID Card
- › Citizenship card (issued before 2012)
- › Alberta Photo Identification Card
- › Secure Certificate of Indian Status
- › Saskatchewan non-driver photo ID
- › British Columbia Driver's Licence
- › Manitoba Enhanced Identification Card
- › Alberta Driver's Licence
- › Ontario Photo Card
- › Saskatchewan Driver's Licence
- › New Brunswick Photo ID Card
- › Manitoba Driver's Licence
- › Nova Scotia Identification Card
- › Ontario Driver's Licence
- › Prince Edward Island Voluntary Identification Card
- › Quebec Driver's Licence
- › Newfoundland and Labrador Photo Identification Card
- › New Brunswick Driver's Licence
- › Northwest Territories General Identification Card
- › Nova Scotia Driver's Licence
- › Nunavut General Identification Card
- › Prince Edward Island Voluntary ID Card
- › Global Entry Card (United States)
- › Newfoundland and Labrador Driver's Licence
- › NEXUS (United States or Canada)
- › Yukon Driver's Licence
- › Northwest Territories General Identification Card
- › Nunavut Driver's Licence
- › DND 404 Driver's Licence
- › Driver's licence issued by France
- › Australian passport
- › Driver's licence issued by Pennsylvania

The name and photo appearing in the document must match that of the individual being identified.

### Examples of reliable sources of information for the dual process method

The following list provides examples of reliable sources of information for the dual process method. To verify the identity of individuals using the dual-process method, information in two of the following three categories must be obtained. The same source cannot be used for both categories of information. This is not an exhaustive list.

#### Reliable sources of information to verify name and address

##### *Issued by a Canadian government body*

- › A fax, photocopy, scan or electronic image of government-issued photo ID
- › Any statement, form, certificate or any other source issued by a Canadian government body (federal, provincial, territorial or municipal government)
- › Canada Pension Plan (CPP) statement
- › Property tax assessment issued by a municipality
- › Vehicle registration issued by a province
- › Benefits statement
- › Federal, provincial, territorial, or municipal levels
- › Issued by other Canadian sources
- › Utility bill (e.g., electricity, water, telecommunications)
- › Search in Canada 411
- › Record of Employment
- › Investment account statement (e.g., RRSP, TFSA, Registered Retirement Income Fund [RRIF])
- › Canadian credit file that has been in existence for at least 6 months
- › Document produced by a Canadian credit bureau or other third party (containing two accounts in existence for at least 6 months)
- › Insurance documents (home, auto, life)

#### Reliable sources of information to verify name and date of birth

##### *Issued by a Canadian government body*

- › A fax, photocopy, scan or electronic image of a government-issued photo ID
- › Any statement, form, certificate or any other source issued by a Canadian government body (federal, provincial, territorial or municipal government)
- › Birth certificate
- › Marriage certificate or government-issued proof of marriage document (long-form which includes date of birth)
- › Divorce document
- › Permanent resident card
- › Citizenship certificate
- › Temporary driver's licence (non-photo)

##### *Issued by other Canadian sources*

- › Canadian credit file that has been in existence for at least 6 months
- › Document produced by a Canadian credit bureau (containing two accounts in existence for at least 6 months)
- › Investment account statements (e.g., RRSP, Guaranteed Investment Certificate [GIC])
- › Insurance documents (home, auto, life)

### Examples of reliable sources of information for the dual process method *(continued)*

#### Reliable sources of information to verify the name and confirm that the person has a financial account

##### **Confirmation that the individual has a deposit account, credit card or another loan account**

- › Credit card statement
- › Bank statement for deposit or chequing account
- › Loan account statement (e.g., mortgage)
- › Cheque processed in the last statement period (cleared, insufficient funds) by a financial institution
- › Telephone call, email, letter, or other traceable means of confirmation from the financial entity holding the deposit account, credit card or loan account
- › Document produced by a Canadian credit bureau (containing two business lines in existence for at least 6 months)
- › Use of micro-deposits

## Additional requirements

Under applicable law, the Bank may be required to provide regulators with information and documents demonstrating that you have complied with the obligations set out in this Advisor Guide. Please file and store in a secure place the documents provided or approved by the Bank for a referral or the distribution of a Product under this Agreement in order to assist the Bank, if applicable, and prevent such documents from coming into the possession of a third party. In addition, please securely destroy the original document and any copies, as required by the Bank from time to time, ensuring that these documents are illegible once destroyed.

Moreover, we will occasionally ask you to work with an authorized representative of the Bank or the brokerage (who has a referral or distribution agreement with the Bank) so that the Bank can meet its regulatory requirements, namely to:

- › Confirm that you have received training in client identification methods (in addition to the guidelines provided in this Guide) and demonstrate to regulators that this training has been completed.
- › Certify to the regulator that you have been observed when identifying clients.
- › Participate in additional verifications concerning certain clients you have referred to the Bank.

# FAQ

Questions	Answers
What are the conditions of the simplified process?	The answer to all questions in the "Additional Information Regarding the Borrower" section of the RRSP credit application must be <b>NO</b> .
When do I have to complete a balance sheet?	A balance sheet must be completed if at least one of the 3 conditions of the simplified process cannot be met (see conditions of the simplified process above).
What is the Cost of Borrowing Disclosure Statement?	The Cost of Borrowing Disclosure Statement (F.17662) sets out the various costs associated with the loan, allowing the client to be aware of them before committing to comply with the loan agreement included in the credit application.
When do I have to complete the Cost of Borrowing Disclosure Statement?	The Cost of Borrowing Disclosure Statement must be completed when you complete the credit application with the client. <b>Note:</b> Give copies of both documents to the client once they are completed.
What happens if rates change?	Credit applications signed by the client and received by the Bank within 2 business days (48 hours) of the rate change will be accepted at the old rate. <b>IMPORTANT:</b> For the old rate to be maintained, all documents received must be considered complete and compliant by the Bank.
How are equal payments for a variable rate <sup>3</sup> loan calculated?	The fixed payment amount is based on a shorter amortization period than the one selected. The term of the loan is reduced by one month per year. For example, for an RRSP loan with a term of 5 years (60 months), payments will be calculated over a 55-month term.
When should the client expect their first payment to be withdrawn?	<ul style="list-style-type: none"> <li>› <b>Monthly:</b> 30 days after the RRSP loan is disbursed</li> <li>› <b>Every two weeks:</b> 14 days after the RRSP loan is disbursed</li> <li>› <b>Weekly:</b> 7 days after the RRSP loan is disbursed</li> </ul>
How does the deferred payment option work?	<ul style="list-style-type: none"> <li>› The first payment of principal and interest can be deferred by 3 or 6 months.</li> <li>› The possible frequencies are: weekly, every two weeks and monthly.</li> <li>› For deferred payments, interest is calculated daily on the daily residual balance for the entire deferral period. <b>Interest incurred will be added to the loan balance.</b></li> </ul> <p>The deferred payment option is <u>not</u> available for refinancing and transfers.</p> <p><b>Here's an example to show how it works:</b></p> <ul style="list-style-type: none"> <li>› Fixed rate loan with a term of 12 months and payments deferred by 3 months: Since a 3-month deferral has been selected, no payments will be collected during the first 3 months. The principal and accrued interest will therefore be spread over the remaining 9 months (12 months minus the 3-month deferral period). Loan payments will therefore be higher than for the same loan without the deferred payment option.</li> </ul>

Continued on next page 

What changes are not accepted during the deferral period?	<p>During the deferral period, the following transactions are not permitted:</p> <ul style="list-style-type: none"><li>› Postponing the date of the first payment</li><li>› Changing the payment frequency</li></ul>
When will the first payment be collected after the deferral period?	<p>If the deferred payment option has been selected (3 or 6 months), the first payment will be collected after the deferral period ends, depending on the payment frequency selected.</p> <p>The following examples show the timing of the first payment based on the selected frequency for a 3-month deferral.</p> <ul style="list-style-type: none"><li>› <b>Monthly:</b> the 4<sup>th</sup> month</li></ul>
What term should I indicate on the credit application if my client has selected the deferred payment option?	<p>Indicate the total term (total number of months including the deferral period).</p>

❖ Our team at the Banking Advisor Distribution Center can answer your questions and help you apply for an RRSP loan.

Contact your advisor or a National Bank representative at

1-800-901-0215

**nbcadvisor.com**

31958-002 (2021/10)

1 Anyone who uses borrowed funds to finance the acquisition of securities or to invest is at greater risk than if they paid for the acquisition or invested with their own funds. Anyone who borrows funds to acquire securities or invest undertakes to repay the loan according to its terms, including interest, even if the value of the securities acquired decreases.

2 Other documents may be required by credit analysts.

3 The rate is said to be "fixed" when it does not vary until the end of the term.

The rate is said to be "variable" when it is adjusted each month according to fluctuations in the prime rate.

The prime rate means the annual variable interest rate posted by National Bank, from time to time, and used by the Bank to determine the interest rates on the demand loans it grants in Canadian dollars in Canada.

4 Subject to credit approval by National Bank.

5 For an existing client who already has an RRSP loan, the following conditions and restrictions also apply:

- Payments must be up to date;
- The investment must always be held with National Bank, one of its subsidiaries or with the partner;
- It is not possible to refinance or consolidate this loan with a new RRSP loan.

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