



T H E N H A

MORTGAGE-BACKED
SECURITIES



HOME TO CANADIANS
Canada

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Part A

Revision History

The *NHA Mortgage-Backed Securities Program Guide* is revised frequently. This edition will be updated whenever amendments are required due to changes in laws or policies. For your reference, future updates to this publication will include a revision history, summarizing the purpose, background and nature of the changes, as well as the new required actions. Please note that all page numbers refer to previous version of the Guide.

Please note the following modifications made to the Guide Version 1:

August 1, 1999:

English Changes

- a) Policy Reference section
- b) Title and Postal Code
- c) NHA Mortgage-Backed Securities Centre
- d) Central Payor and Transfer Agent
- e) Eligible Mortgages – General
- f) Limitation against Encumbrances
- g) Obtaining Application Forms
- h) Required Documents
- i) Schedule of Pooled Mortgages – CMHC 2824
- j) Mortgage Pools Transfer
- k) Deficiency in Principal Balance
- l) Custodian Eligibility Requirements
- m) Document Delivery and Certification
- n) Monthly Accounting Reports
- o) Maturity
- p) 12.(a) CMHC 2824
- q) 16. CMHC 2835
- r) 17. CMHC 2836
- s) 19. CMHC 2841
- t) New item added
- u) Forms:
 - CMHC 2802 – Application for Approval as a Mortgage-Backed Securities Issuer
 - CMHC 2804 - Resolution of Board Of Directors
 - CMHC 2805 - Certificate of Incumbency
 - CMHC 2812 – Application and Approval to Issue Mortgage-Backed Securities
 - CMHC 2820 - Custodial Agreement



- CMHC 2824 - Schedule of Pooled Mortgages
 - CMHC 2834 - MBS Information Circular
 - SCHL 2834 - Circulaire d'information
 - CMHC 2835 - Mortgage Pool Transfer and Servicing Agreement
 - CMHC 2836 - Mortgage Pools Transfer Agreement
 - CMHC 2840 - Issuer's Monthly Accounting Report
 - CMHC 2841 - Power of Attorney
- v) Reference Material
- Appendix 6 – Issuer Assignment Agreement
 - Appendix 7 – Net Worth
- w) New National Housing Act

August 1, 1999
English Changes

- a) ***Policy Reference Section***
Page 7 – “Inquiries”, removed complete “Policy” reference section.
- b) ***Title and Postal Code***
Page 7 – Title changed to “General Manager, Mortgage Securitization”;
Postal Code changed to M2N 6Z1
- c) ***NHA Mortgage-Backed Securities Centre***
Page 15 – Change in e-mail address: mbs@cmhc-schl.gc.ca
- d) ***Central Payor and Transfer Agent***
Page 15 – Change in phone number: (416) 981-9789
- e) ***Eligible Mortgages – General***
Page 32 – Changed “This requirement does not apply” to “These IAD requirements do not apply”

- f) ***Limitation against Encumbrances***
Page 37 – Line 5, reworded as follows: “...(CMHC 2835). Appropriate registrable assignment documentation for loans committed in the Province of Quebec is required for final certification. Upon the issue...”
- g) ***Obtaining Application Forms***
Page 44 – New wording: “All forms used in connection with the NHA MBS program are available in Part D of this guide. Issuers may input data directly to these forms, print them and forward the signed copies as per the distribution instructions. The following exceptions apply:
- CMHC 2834: The electronic version of this table may not be large enough to fit all of the required pool data. The Issuer will have to then replicate it on its own systems in an adequate size. The final form is to be printed as a bilingual, bound, tumble booklet.
- CMHC 2840: These are to be submitted electronically to the Central Payor and Transfer Agent in the electronic format specified.
- CMHC 2841: Follow the detailed instructions immediately following the form for the format required in each province. ”
- h) ***Required Documents***
Page 44 – First sentence deleted.
- i) ***Schedule of Pooled Mortgages – CMHC 2824***
Page 45 – 3rd line, addition: “For pools with more than 20 loans, the mortgage details must be provided to the custodian in an electronic format. No matter the size of the pool, all mortgage details must be provided to the Custodian at least 5 full business days prior to the settlement date. ”
- j) ***Mortgage Pools Transfer***
Page 47 – Third bullet added: “Samples and detailed completion instructions for Quebec assignments are available to Issuers, in a separate publication, by contacting the NHA MBS Centre. ”
- k) ***Deficiency in Principal Balance***
Page 48 – 2nd paragraph line 1, and 2nd paragraph line 3 replaced “CPTA” with “Custodian” 2nd paragraph, last sentence, insert “the custodian” between “and” and “returns”. – Added “If the P & I Trust Account does not contain the necessary funds, the Custodian will release the check to the CPTA. However, normally the CPTA debits the P & I Trust Account for that amount, where it is available in that account”.

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- l) *Custodian Eligibility Requirements***
Page 50 – Addition to second last bullet: “Must have computer systems such that they can accept electronic version of mortgage details, and be able to transmit that data to CMHC and the Central Payor and Transfer Agent.”
- m) *Document Delivery and Certification***
Page 50 – Addition: “Where the pool contains more than 20 mortgages, the loan details are to be provided to the custodian in electronic format.”
- n) *Monthly Accounting Reports***
Page 68 – Deleted last two sentences of 2nd paragraph referencing social housing reports.
- o) *Maturity***
Page 70 – Reworded first sentence.
- p) *12.(a) CMHC 2824***
Page 89 – Addition: “For all pools over 20 loans, the Issuer forwards an electronic file of mortgage details specified in the CMHC 2824 to their custodian. An electronic file may also be sent to the custodian for smaller pools.”
- q) *16. CMHC 2835***
Page 89 – Deleted from “Senior Analyst” to the end. Replace with “NHA MBS Centre, Toronto”.
- r) *17. CMHC 2836***
Page 89 – Deleted from “Senior Analyst” to the end. Replace with “NHA MBS Centre, Toronto”.
- s) *19. CMHC 2841***
Page 90 – Deleted from “Senior Analyst” to the end. Replace with “NHA MBS Centre, Toronto”.
- t) *New item added***
Page 90 – Addition of item 20: “Quebec Assignments 3 originals to be prepared and sent to the Issuer’s custodian. If the Issuer wishes to retain an executed assignment, a fourth original should be prepared. When prepared outside the Province of Quebec, the solicitor, CMHC representative and Issuer representative must sign the document at the same place and time.”

u) Forms

- CMHC 2802 – Application for Approval as a Mortgage-Backed Securities Issuer
Page 91 – Addition of “Articles of Incorporation” box.
- CMHC 2804 – Resolution of Board of Directors
Page 95- Change relative to year 2000 compliance.
- CMHC 2805 – Certificate of Incumbency
Page 96 – Change relative to year 2000 compliance.
- CMHC 2812 – Application and Approval to Issue Mortgage-Backed Securities
Page 102 – Date field expanded.
- CMHC 2820 – Custodial Agreement
Page 106 – Change relative to year 2000 compliance.
- CMHC 2824 – Schedule of Pooled Mortgages
Page 112 – Highest and lowest interest rates, principal and unpaid balance fields expanded.
Page 112 – “mailing address of property” changed to “address of mortgage property”.
Page 112 and 114 – Changes relative to year 2000 compliance.
- CMHC 2834 – MBS Information Circular
Page 121 – ‘are’ added after ‘affairs’ and ‘is’ replaced ‘are’ after ‘business’
Page 123 – Top two lines, the dates were changed. For the rest of the page, the content stayed the same as previously, but in order to make the document more user friendly, some clarifications as well as changes to the presentation were made.
Page 124 – “Remaining Face Value”, all fields where \$ amounts are entered have been expanded.
Page 124 – Added ‘has occurred’ after cancellation.
- CMHC 2835 – Mortgage Pool Transfer and Servicing Agreement
Page 135 and 139 – Changes relative to year 2000 compliance.
- CMHC 2836 – Mortgage Pools Transfer Agreement
Page 140 – Changes relative to year 2000 compliance.
Page 140 – Changed ‘MBS Securities’ to ‘MBS’.

- CMHC 2840 – Issuer’s Monthly Accounting Report
Page 146 – “Mortgagor Payoff” changed to “Mortgage Payoff”.

- CMHC 2841 – Power of Attorney
Page 161 – Space allotted after “(jurisdiction of incorporation)” to allow information entry.
Page 161 – Changed ‘MBS Securities’ to ‘MBS’.
Page 161 to 179 – Changes relative to year 2000 compliance.
Page 163 – “Power of Attorney – British Columbia”, changed “12” to “8”.
Page 168 – “Ontario”, changed “220” to “180”. Added, “Do not prepare these Power of Attorney back to back; the two pages must be on separate pages.”
Page 173 – “New Brunswick”, changed “28” to “30”.

v) ***Reference Material***

- Appendix 6 – Issuer Assignment Agreement
Page 203 and 205 – Changes relative to year 2000 compliance.

Appendix 7 – Net Worth

- Page 211 and 212 – Changes relative to year 2000 compliance.

- w) New National Housing Act. Throughout entire Guide – References to NHA updated with regards to the new amendment to the Act. Therefore, section 21.2 was replaced with section 14 of the new Act which states: “The Corporation may guarantee payment of any or all principal or interest, or both, in respect of securities issued on the basis of housing loans.”

Please find below the previous versions of the Guide:

- **Version 1**

May 1, 1998 - Initial version of the English Guide



Part B
General Information

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Authority

CMHC is a Crown Corporation wholly owned by the Canadian government. CMHC's powers are prescribed in the *Canada Mortgage and Housing Act*, the *Financial Administration Act* and the *National Housing Act*. The *National Housing Act* Chapter N-11 of the 1985 Revised Statutes of Canada, as amended, contains the following:

Section 4 provides that:

“Every right or obligation acquired or incurred by the Corporation under this Act, whether in its name or in the name of Her Majesty, is a right or obligation of Her Majesty.”

Section 14 provides that:

The Corporation may guarantee payment of any or all principal or interest, or both, in respect of securities issued on the basis of housing loans.

Rationale

The policies detailed within this MBS Guide are required to operationalize the requirements of the *National Housing Act* and the *National Housing Loan Regulations* for all mortgages pooled under the NHA MBS Mortgage-Backed Securities program.



Scope

All single and multiple Market Housing and Social Housing project loans that are insured under the *National Housing Act* are eligible to be pooled, subject to the criteria detailed in the NHA MBS Program Guide.

Inquiries

For information please contact:

General Manager, Mortgage Securitization
Canada Mortgage and Housing Corporation
100 Sheppard Avenue East, Suite 500
North York, Ontario
M2N 6Z1

E-mail: mbs@cmhc-schl.gc.ca

Phone Number (416) 221-2642

Fax Number (416) 218-3312



Part C

Guidelines

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Chapter 1 – The NHA Mortgage-Backed Securities Program
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Chapter 1

The NHA Mortgage-Backed Securities Program

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Chapter 1 at a glance

This chapter gives an overview of the NHA Mortgage-Backed Securities Program also referred to as “the MBS Program” or “the Program” and describes CMHC’s role under [federal statutes](#). This chapter also summarizes the [form of CMHC’s guarantee](#), outlines Issuer participation in the Program, and outlines the [principal provisions](#) of the NHA Mortgage-Backed Securities Program.

NHA Mortgage-Backed Securities Program

Canada Mortgage and Housing Corporation (CMHC) guarantees timely payment on privately issued NHA Mortgage-Backed Securities (MBS) that are backed by pools of NHA-insured mortgages. Under the Program, Investors receive a “pass-through” of the principal and interest (P & I) payments on the pool of mortgages, less an amount (called the “spread”) to cover Issuer administration costs.

CMHC’s guarantee means that Investors receive timely payment of the P & I payments provided for in the securities. The MBS Program aims to provide a mechanism to convert the supply of private Investor funds to Mortgages at reasonable rates of interest, and to provide a more efficient secondary mortgage market.

The MBS Program utilizes a Central Payor and Transfer Agent (CPTA). The use of one designated CPTA makes greater Program efficiency possible by paying the Investors, transferring securities certificates and issuing new securities certificates.

Securities issued under the MBS Program use the “modified pass-through” approach. When borrowers fail to make timely payments on their mortgages, CMHC and the securities Issuer ensure that the necessary funds are available. CMHC guarantees that the monthly payments are made to Investors (see [Part E](#) for a sample of the Mortgage-Backed Securities Certificate).

Program Authority

CMHC is a Crown Corporation wholly owned by the Canadian government. CMHC’s powers are prescribed in the *Canada Mortgage and Housing Corporation Act*, the *Financial Administration Act* and the *National Housing Act*. The *National Housing Act*, Chapter N-11 of the 1985 Revised Statutes of Canada, as amended, contains the following:

Section 4 provides that:

“Every right or obligation acquired or incurred by the Corporation under this Act, whether in its name or in the name of Her Majesty, is a right or obligation of Her Majesty.”



Section 14 provides that:

The Corporation may guarantee payment of any or all principal or interest, or both, in respect of securities issued on the basis of housing loans.

CMHC's Form of Guarantee

CMHC's guarantee appears on the face of the securities certificate and provides that:

“Canada Mortgage and Housing Corporation hereby guarantees the timely payment of the principal and interest set forth in this instrument in accordance with the terms and conditions of this instrument, pursuant to the powers given to it by the *National Housing Act*. It is certified that no provision of any law or contract adversely affects the rights of the owner of this certificate to the benefit of this guarantee.”

This guarantee, which is executed by facsimile signatures of authorized officers of CMHC, and which is countersigned by the CPTA, at the time of issuance of each securities certificate, constitutes the contract between CMHC and the Investor.

How the Program Works

Issuers participate in the MBS Program by issuing securities backed by NHA-insured mortgage loan pools. There is one Issuer per pool.

The Issuer assembles and administers the pool itself, or uses a [Servicer](#) to service the mortgages in the pool on its behalf. The Issuer issues the securities for the pool. The CPTA issues and registers the certificates of the Investors in accordance with the instructions of the Issuer and CMHC, and later on with the instructions of successive owners of the certificates.

Organizations that participate in the MBS Program must apply to CMHC for approval. Once approved, the Issuer applies for a commitment from CMHC to guarantee timely payment of amounts due on the securities.



Issuer eligibility requirements and the procedure to follow in applying for approval to become an Issuer are described in [Chapter 3](#). [Chapter 6](#) gives the procedures for Issuers to follow in applying for an Approval to Issue.

With the Approval to Issue in hand, if it has not already done so, the Issuer begins originating or acquiring mortgage loans, and assembles a pool of eligible mortgages.

The Issuer arranges for a Custodian. The Custodian must be acceptable to CMHC. The Custodian maintains possession of the required documents. Arrangements must also be made for trust accounts at a financial institution. One trust account is for P & I funds and the other is for tax deposits. The Issuer assigns all rights, title and interest in the mortgage pool and pooled mortgages to CMHC for the benefit of the Investor. The procedures for marketing securities are set forth in [Chapter 9](#).

[Chapter 7](#) includes a description of the nature of the mortgage assignment process. [Chapter 8](#) sets forth the procedures relating to the custodial relationship, and [Chapter 10](#) provides the requirements for establishing the trust accounts.

Under the MBS Program, CMHC reviews the mortgage pool documentation and allows the delivery of the Security Certificates within five full business days of receipt by CMHC of a complete document package.

After CMHC has approved the mortgage pool documentation, and after the Custodian has reviewed the documentation, the CPTA prepares and delivers the Security Certificates in accordance with instructions provided by the Issuer and CMHC. With the timely delivery of the certificates assured, the Issuer can then plan to sell the certificates to Investors. [Chapter 9](#) describes the preparation, delivery and registration of securities certificates.

Once certificates are issued, the Issuer no longer owns the mortgages in the pool. The Issuer is nevertheless responsible for servicing the mortgages and depositing the amounts collected into a P & I trust account for payment to the Investors by the CPTA. The Issuer is also responsible for periodic reporting to the CPTA. The CPTA, in turn, reports to CMHC in accordance with the procedures set forth in [Chapter 10](#).

Key Program Provisions

Types of mortgages in the pools

- 1) Mortgage loans are insured under the National Housing Act.
- 2) Pooled mortgages must be equal payment mortgages, payable at least once monthly.
- 3) Loans with remaining amortization periods of up to 15 years must be pooled separately from loans that have remaining amortization periods of 15 years or more.
- 4) The minimum term of mortgages is six months (this is the interval between the Interest Adjustment Date or renewal date, and the mortgage maturity date). At the date of issue, the remaining term of a pooled mortgage must not be shorter than the term of the security by the following amounts:

Term of the security	Difference between the term of security and pooled mortgage
6 months to 1 year	2 months
Greater than 1 year up to 2 years	3 months
Greater than 2 years up to 3 years	4 months
Greater than 3 years up to 4 years	5 months
Greater than 4 years	6 months

- 5) Before granting an Approval to Issue, CMHC considers whether the pools of mortgages are diversified geographically.

Interest rates on mortgages

Loans with different interest rates, within a 2% range, may be included in the same pool. Interest rate eligibility requirements for different pools are described in [Chapter 5](#).

Minimum size of pools

The minimum is \$2 million.

Minimum denominations of securities

The original principal or face amounts of the certificates issued, as well as re-issues and exchanges of these certificates, shall be in denominations of at least \$5,000 or in denominations that are multiples of \$5,000. To make the aggregate of the issue of securities certificates equal to the aggregate outstanding principal balance of the mortgages comprised in the pool, one certificate per pool may be issued in a denomination that is not a multiple of \$5,000. This certificate may afterwards be consolidated with other securities for re-issues and exchanges.

CMHC fees

The following fees are payable to CMHC for services provided:

- 1) [An application fee](#) for each Approval to Issue.
- 2) [A guarantee fee](#) payable up-front for the guarantee of timely payment on each pool issued.

The fee to be paid by the Issuer for CMHC's guarantee of timely payment to Investors is based on the principal amount of the pool at the date of issue.

CPTA fees

The maximum applicable fees detailed in [Part E, Appendix 8](#), CPTA Fees and Charges, are payable to the CPTA for services provided.



NHA Mortgage-Backed Securities Centre

Unless otherwise directed in this Guide, please address your questions concerning the MBS Program to:

NHA Mortgage-Backed Securities Centre
100 Sheppard Avenue East
Suite 500
North York, Ontario
M2N 6Z1

E-mail: mbs@cmhc-schl.gc.ca

Telephone: (416) 221-2642
Facsimile: (416) 218-3312

Central Payor and Transfer Agent

The functions of the CPTA are carried out at the offices of:

Montreal Trust
Corporate Trust Services
151 Front Street West, Suite 605
Toronto, Ontario M5J 2N1

Telephone: (416) 981-9789
Facsimile: (416) 981-9788



Chapter 2

Role of the Issuer

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Chapter 2 at a glance

This chapter provides an overview of the Issuer's responsibilities, listing the principal functions that must be performed by the Issuer, the functions that must be performed by a Servicer on the Issuer's behalf, and the functions that must be performed by the CPTA. Important dates and deadlines for Issuers and Servicers are also provided.

Issuer and Servicer Responsibilities

An Issuer of Mortgage-Backed Securities under this program is responsible for the following tasks: originating or acquiring eligible mortgages; creating a pool of mortgages and selling the securities backed by the pool of mortgages; reporting mortgage pools and securities data on a timely basis; and making available to the CPTA on a timely basis the amount due Investors in the Mortgage-Backed Securities.

The Issuer is responsible to CMHC for covering shortfalls in amounts due Investors that result from mortgage delinquencies, foreclosures or any other cause. CMHC's guarantee, however, covers those shortfalls for the benefit of the Investors (see [Chapter 13](#) for a detailed explanation).

There can be only one Issuer for each mortgage pool. The Issuer is responsible for servicing the mortgages in the mortgage pool. If the Issuer is not an NHA Approved Lender, it must arrange for the servicing of the mortgages to be performed, on its behalf, by one or more NHA Approved Lenders or their correspondent, acceptable to CMHC.

The Issuer or Servicer, where appropriate, must deposit the monthly payments received on the pooled mortgages into a P & I trust account. The Issuer or Servicer can make other arrangements at the discretion of CMHC, provided that CMHC has full access to the account so that it can protect its interest in the event of default.

The Issuer is responsible and liable for the performance of any Servicer. All duties and obligations of any Servicer must be set out in a written agreement between it and the Issuer and must be subordinate to and consistent with all duties and obligations of the Issuer contained in this Guide.

Administrative Activities

The Issuer, however, may not delegate or transfer to any other party or agent its obligations in connection with:

- a) making required funds available in the [Central P & I Account](#) for transfer to the CPTA
- b) submitting required [monthly reports to the CPTA](#)
- c) withdrawing funds from the [P & I Trust Accounts](#)
- d) withdrawing mortgage documents from the [Custodian](#)



Figure 2.1 lists the principal functions that must be performed by the Issuer, the functions that may be performed by a Servicer on the Issuer's behalf, and the functions that must be performed by the CPTA.

Figure 2.1 - Allowed Distribution of Administrative Activities

	Functions that must be performed by Issuer	Functions that may be performed by a Sub-Contract Servicer on Issuer's behalf	Functions to be performed by CPTA
Access mortgage documents	✓		
Collect P & I and property taxes		✓	
Make deposits into a P&I Issuer Trust Account and Tax Account		✓	
Authorize withdrawal of funds from Tax Account		✓	
Authorize withdrawal of funds from Central P & I Account	✓		
Withdraw funds from P & I Trust Account for transfer to Central P & I Account	✓		
Debit Central P & I Account for amount of P & I due to Investors			✓
Prepare, sign and send cheques to Investors			✓
Sign and submit monthly accounting reports to CPTA	✓		
Prepare monthly reports for CMHC			✓
Maintain register of Investors			✓
Assure accuracy of reported monthly data and timely submission of data	✓		
Disseminate factor data			✓

All collections made in connection with the pooled mortgages must be held in a P & I trust account established in connection with the pool of mortgage loans. In addition, each Issuer is required to maintain a Central P & I Trust Account from which the CPTA's debits shall be made for all of that Issuer's pools (see [Chapter 10](#)).

For any one pool, collections of P & I must be deposited into a single P & I trust account and tax collections, where applicable, must be deposited by the Issuer or Servicer into a separate tax trust account. Such accounts, however, may contain funds for more than one pool, provided a separate accounting is kept in respect of each pool.

The documents for each pool described in [Chapter 7](#) must be held by only one Custodian.

Under the MBS Program, Issuers are required to make funds available monthly in the Central P & I Account, on the date specified in this Guide and in amounts necessary for the CPTA to make full payment on the securities. The CPTA will collect the funds from the Issuer by an automated or electronic transfer as agreed between them, with the approval of CMHC.

Important Dates and Deadlines

Issuers and Servicers must perform their duties and obligations within the time limits established by CMHC as described in this Guide. Figure 2.2 lists key functions with time limits for the performance of each function.

Figure 2.2 - Important Deadlines for the Issuer

	Function	Deadline
1	Submits documents to CMHC for a pool issue in order to receive an issue of Securities Certificates.	CMHC, the Custodian, and the CPTA must receive the documents at least five full business days prior to the settlement date.
2	Issues Mortgage-Backed Securities Certificates against a CMHC Approval to Issue.	Within six months of the Approval to Issue date.
3	Submits monthly accounting reports for each pool.	CPTA must receive the reports by the end of the third full business day of the month.
4	Deposits mortgage payments in Issuer's trust account.	Payments must be deposited by the end of the third full business day of the month.
5	Deposits necessary funds in a Central P & I Account to cover CPTA's debit of P & I payment to Investors.	Fourteenth calendar day of month. If the 14th is not a business day, then the applicable date is the 1st business day after the 14th. (No later than 3:00 P.M. Eastern Standard Time)



Chapter 3

Issuer Approval and Annual Reporting Requirements

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Chapter 3 at a glance

This chapter sets out the requirements, prerequisites and criteria that an applicant must meet before it will be authorized to issue NHA Mortgage-Backed Securities, complete the issuance and administer the loans in the mortgage pools. Chapter 3 also provides a summary of the documents that the Issuer must supply annually to CMHC and outlines CMHC's right to terminate an Issuer's authority in the event of default.

Basic Eligibility Requirements

An applicant must meet and comply with the requirements set out in Chapter 3 before it will be approved to issue NHA Mortgage-Backed Securities, complete the issuance and administer the loans in the mortgage pools. CMHC has, at its sole discretion, the right to refuse for any reason any applicant's request for approval to issue NHA Mortgage-Backed Securities.

The applicant must be a Canadian federally or provincially regulated:

- ◆ chartered bank
- ◆ trust company
- ◆ insurance company
- ◆ loan company
- ◆ credit union, credit union central, or other cooperative credit society
- ◆ investment dealer, or
- ◆ provincial agency or crown corporation.

The applicant must be incorporated under Canadian laws and be authorized by corporate charter to issue Mortgage-Backed Securities.

The applicant must have the experience, management capability and facilities necessary to assure CMHC of its ability to issue and administer Mortgage-Backed Securities.

The applicant must also meet an adjusted net worth requirement, as defined and calculated in [Part E, Appendix 7 – Net Worth](#), of this Guide.

Issuer Application

When the prospective Issuer applies for approval as an Issuer, it must supply CMHC with copies of its annual financial statements for the three most recent fiscal years. An independent licensed public accountant must have audited these financial statements. If an audited financial statement covers a period ending more than six months prior to the date CMHC receives the application, a current unaudited statement signed by the applicant's chief financial officer must also be submitted.

When the prospective Issuer applies for approval as an Issuer, it must provide CMHC with evidence that it maintains standard fidelity bond coverage for its employees. The evidence may be in the form of a standard certificate of insurance showing the types and limits of coverage. CMHC may ask for a copy of the policy or another relevant document that is offered in lieu thereof.



The applicant must complete the following tasks upon approval as an MBS Issuer: execute a Mortgage Pools Transfer Agreement, form [CMHC 2836](#), for MBS activity for Common Law provinces and territories; and/or execute a Mortgage Pool Transfer and Servicing Agreement, form [CMHC 2835](#), for MBS activity in the Province of Quebec. An Approved Issuer is also required to register a Power of Attorney, form [CMHC 2841](#), in all Common Law jurisdictions in which mortgages will be pooled.

Issuers under the MBS Program must also:

- 1) Maintain sound mortgage loan servicing without excessive delinquency rates. Generally, the Issuer will not receive new approvals to issue if more than one per cent (1%) of the loans in its existing mortgage pools have been delinquent for three or more months (including loans in legal action). A lower delinquency ratio, however, will not assure the issuance of further commitments.
- 2) Adequately administer all mortgage pools and issues of outstanding Mortgage-Backed Securities under the Program. [Part E, Appendix 9](#) details Mortgage Formulas, Accounting Conventions and Test Pool Data.
- 3) Meet all CMHC reporting requirements outlined in this Guide within the time limits provided.
- 4) Comply with CMHC's securities marketing and trading requirements (see [Part E, Appendix 2](#), Rules on Mortgage-Backed Securities Marketing and Trading).
- 5) Maintain a sound financial, business and management structure. Examples of what CMHC will consider the Issuer's business structure to be unsound are: if the Issuer's Approved Lender status (if an Approved Lender) is withdrawn or suspended under the NHA, or if there exists detrimental findings in CMHC or other official audit or investigation of the Issuer.
- 6) Not be subject to the prohibition as set out in [49.4\(2\)](#) of the National Housing Loan Regulations, i.e. following a default, the Issuer is prevented from acting as an Issuer for a period of three years.



Forms Required for Issuer Application

A sample of each of the following forms is provided in Section D:

- ◆ Application for Approval as a Mortgage-Backed Securities Issuer, [CMHC 2802](#)
- ◆ Resolution of Board of Directors, [CMHC 2804](#)
- ◆ Certificate of Incumbency, [CMHC 2805](#)
- ◆ Letter Agreement for Issuer 's P & I Trust Account, [CMHC 2806](#) (see [Establishment and Maintenance of Central P & I Account](#), Chapter 10) or other documentation as may be satisfactory to CMHC
- ◆ Central Clearing House Debit Authorization, [CMHC 2808](#).

CMHC will notify the applicant in writing of the approval or rejection of its application.

If the application is rejected, CMHC will state the reasons for rejection. An applicant may submit a new application 60 days after the date of rejection.

The application package can be sent to the [NHA MBS Centre](#) or to:

Insurance Products and Services Division
Canada Mortgage and Housing Corporation
700 Montreal Road
Ottawa, Ontario
K1A 0P7

Annual Documentation Required

The Issuer must provide CMHC annually with:

- 1) A copy of the Issuer's annual financial statement audited by an independent public accountant. The copy must be delivered on or before the 90th day after the Issuer's fiscal year-end



-
- 2) A statement of adjusted net worth certified by the Issuer and assessed at the end of the most recent fiscal year for which audited financial statements are submitted. The statements are submitted once securities are issued. The form to be used for the statement and the certification is found in [Part E, Appendix 7 – Net Worth](#)
 - 3) Evidence of fidelity bond coverage for the employees and directors
 - 4) A “Specified Procedures Report.” CMHC requires that each Issuer retain the services of an external auditor to examine its accounting processes and financial controls in relation to the NHA MBS pools, and report on them in a “Specified Procedures Report.” The “Specified Procedures Report” is to be submitted within 90 days after the Issuer’s fiscal year end or 90 days after the Issuer’s chosen “as at” date. The Issuer must also submit audited financial statements along with the “Specified Procedures Report.” At the least, the audited financial statements will show that the Issuer’s practices conform to the following requirements in this Guide:
 - ◆ [monthly accounting reports](#)
 - ◆ [penalty interest payments](#)
 - ◆ [P&I trust accounts](#)
 - ◆ [tax trust accounts \(if applicable\)](#)
 - ◆ [interest calculation methodology.](#)

Furthermore, the Issuer may be required to submit internally prepared, unaudited financial statements and a net worth statement if CMHC requires more current or frequent information.

Termination of Issuer Authority

CMHC may terminate an Issuer’s authority to administer mortgage pools and securities issues, to use Approvals to Issue already outstanding and to receive additional commitments if CMHC, in its sole discretion, determines that an Issuer has defaulted under the terms and conditions contained herein ([see Chapter 13](#)).

Chapter 4

Risks, Losses, Expenses and Fees

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Fees and Charges Paid by Issuer	4-4
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Chapter 4 at a glance

This chapter begins with a brief introduction of the risks faced by Issuers of Mortgage-Backed Securities, as well as the losses, expenses and fees for which they are liable. The chapter then lists some of these risks, losses and expenses, followed by the fees and charges to be paid by the Issuer in connection with the securities guaranteed by CMHC. The chapter concludes with a discussion of the payment to which Issuers are entitled for servicing mortgage pools.

General

Issuers of Mortgage-Backed Securities face risks and are liable for certain losses, expenses and fees that are not usually the responsibility of a Servicer. Issuers should be aware of these risks, losses, expenses and fees, and must make financial arrangements to ensure that they can cover them throughout the period that securities issued by them are outstanding.

Risks, Losses and Expenses

Listed below are some of the risks, losses and expenses associated with the issue of Mortgage-Backed Securities. The list is not exhaustive. The Issuer is responsible for determining its own risks, potential for losses and expenses.

Advances to Pay Amounts Due Investors

CMHC holds Issuers responsible for paying amounts due to Investors or making funds available in a timely manner to the CPTA to pay Investors. Issuers are responsible for paying amounts due to Investors whether or not they receive timely payments from mortgagors. Therefore, Issuers must advance a sufficient amount of their own funds into the appropriate P & I trust account. The advance must equal the total scheduled P & I payments due in connection with pooled mortgage loans, including those that are delinquent or in the process of legal remedial action.

Liquidation of Mortgage Pool at Maturity

Issuers must make available to the CPTA all funds required to pay Investors when the mortgage pool is terminated at maturity of the certificates. The amount should equal the outstanding principal balance of all maturing mortgages in the pool. The Issuer/Servicer must notify the CPTA if no mortgages are maturing on the certificate's maturity date as a result of prepayments. The notification is required so the CPTA can send a letter to all investors informing them that MBS certificates must be surrendered for early redemption.

Interest Due Investors but Not Payable by Mortgagors

Issuers must make funds available to the CPTA for interest even if mortgagors are not required to make associated interest payments on the underlying pooled mortgage loans. For example, a mortgage may be prepaid in full in mid-month, with interest due from the mortgagor only to the date of the pay-out. The Investors nevertheless are entitled to interest through the end of the month, including any penalty interest payment whether collected or not by the Issuer. The Issuer must make up any shortfall in the amount collected from the mortgagor.



Losses Associated with Defaults

Investors are entitled to monthly amounts of P & I at the rate provided on the securities, and to a full recovery at maturity of all unpaid principal balances of the securities. In the event of legal action on a defaulted mortgage, the Issuer must pay or make available monthly all principal amounts and interest to the CPTA out of its own funds to the extent that such amounts are not collected monthly.

Issuers must liquidate the loan from the pool at the end of the legal action. Issuers must use their own resources to pay investors for the full amount of the outstanding principal balance of the mortgage at the time of title transfer to a third party or when foreclosure is completed. The Issuers must pay investors even if they have not yet recovered the funds through the claim process under a policy of mortgage loan insurance. The amount the Issuer must pay may include both unpaid principal and interest from the date of default until settlement of the claim. For multi-family loans, however, liquidation occurs after the mortgage loan insurance claim is paid in whole or in part, or when the mortgage loan insurance claim is rejected.

Liability for Ineligible Mortgages

Issuers are liable for any defects in pooled mortgage loans. If a loan is defective before final certification, the defect will be promptly cured or the loan will be replaced by an eligible mortgage if one is available (see [Substitution of mortgage loans, Chapter 5](#)). Loans that are defective after final certification should be brought to the attention of the [NHA MBS Centre](#). Such defective loans may have to be liquidated from the pool without possibility of substitution. An example of a defective loan is one that is not insured under the *National Housing Act*. The Issuer remains liable to CMHC for the acceptability of the title under each mortgage in respect of NHA mortgage loan insurance until full payment of the loan.

Pool Administration Costs

Issuers must pay for the administration of a pool. Without limiting what may be involved in the administration, Issuers are responsible for the cost of:

- ◆ servicing pooled mortgage loans
- ◆ establishing and maintaining P & I and tax trust accounts
- ◆ making investor payments to the CPTA account
- ◆ taking legal action where loans are in default
- ◆ preparing reports and records required by CMHC as stated in this Guide
- ◆ other administrative tasks associated with Issuer status and responsibilities
- ◆ paying the CPTA
- ◆ paying the Custodian of documents
- ◆ an annual external “Specified Procedures Report.”



Miscellaneous Expenses

Other expenses that Issuers must cover include: any catastrophic losses not covered by insurance; losses arising from expropriation or other legal proceedings affecting the property securing the pooled mortgages; and the reimbursement of other costs or expenses not mentioned in this Guide.

Liability for Incorrect Calculation of P & I Payment

CMHC and the CPTA rely on the data reported by each Issuer to calculate the amount to be paid by the Issuer. Even though an Issuer may have made a reporting error, the Issuer must make funds available to the CPTA on the basis of the reported data. Adjustments to the reports must be made in the subsequent reporting month with notice of the adjustment details provided to CMHC and the CPTA.

Fees and Charges Paid by Issuer

The following are fees and charges the Issuer must pay in connection with the securities guaranteed by CMHC:

Application Fee

Approved Issuers pay a fee for each application for an issue of securities. The fee is computed as follows: \$1,000 per pool plus \$200 for each \$1 million (or part thereof) of the aggregate amount of commitment applied for in excess of the minimum pool size of \$2 million (see [Chapter 6](#)).

The fee is based on the aggregate principal balance of the proposed securities at the issue date. The fee must be submitted at the same time as the Schedule of Subscribers and Contractual Agreement, [CMHC 2830](#). A portion of the application fee may be returned if the issued pool's principal balance as reported on the [CMHC 2830](#) is less than the approved pool amount shown on the [CMHC 2812](#).



Guarantee Fee

The fee is based on the principal amount of the pool at the date of issue. It must be enclosed with the Schedule of Subscribers and Contractual Agreement, [CMHC 2830](#). The fee is calculated as follows:

Term of Security	Fee Payable (Percent)
6 months to 2 years 6 months	0.10
2 years 7 months to 3 years 6 months	0.14
3 years 7 months to 4 years 6 months	0.17
4 years 7 months to 5 years 6 months	0.20
5 years 7 months to 6 years 6 months	0.23
6 years 7 months to 7 years 6 months	0.26
7 years 7 months to 8 years 6 months	0.29
8 years 7 months to 9 years 6 months	0.32
9 years 7 months to 10 years 6 months	0.35
10 years 7 months to 11 years 6 months	0.37
11 years 7 months to 12 years 6 months	0.39
12 years 7 months to 13 years 6 months	0.41
13 years 7 months to 14 years 6 months	0.43
Above 14 years 6 months	0.45

Underwriting or Brokerage Fee

The Issuer must pay any fees or expenses incurred through the sale and marketing of an issue of Mortgage-Backed Securities.

CPTA Service Fee

The maximum applicable fees are detailed in [Part E, CPTA Fees and Charges \(Appendix 8\)](#).

Custodial Service Fee

Issuers negotiate the fee for custodial services directly with their Custodian and shall remit the fee directly to the Custodian.



Servicing Fees Received by Issuer

Issuers are entitled to be paid for servicing mortgage pools. This servicing fee is based on and payable from the interest portion of regular instalments of P & I collected from the mortgagors. The fee will be equal to the difference between the interest collected on the pooled mortgage loans and the interest paid on the Mortgage-Backed Securities at the coupon interest rate stipulated on the securities. This fee may be withdrawn from the P & I Trust Account according to the provisions of [Chapter 10](#).



Chapter 5

Which Mortgages are Eligible?

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Chapter 5 at a glance

This chapter provides instructions relating to mortgage loans that may be included in Mortgage-Backed Securities pools. Eligibility requirements applicable to all mortgages and pools, as well as specific requirements for pools of Social Housing loans are detailed (the words “mortgage” and “loan” are used interchangeably).

It is the responsibility of the Issuer to ensure that each mortgage, which is proposed to be included in a Mortgage-Backed Securities pool, continues to comply with the conditions of the NHA mortgage loan insurance coverage.

Eligible Mortgages – General

All mortgages must be insured under Part I of the *National Housing Act* (NHA), Chapter N-11 of the Revised Statutes of Canada 1985 as amended.

All mortgages in a pool must have an Interest Adjustment Date (IAD) or a renewal date that is within 2 years, but not beyond the issue date of the Mortgage-Backed Securities.

All loans in a pool must have an IAD or a renewal date within 6 months of each other. These IAD requirements do not apply to the pooling of non-prepayable Social Housing or Multiple Family loans, prefixed by either 99 or 966 respectively.

Example 1: IADs June 2, 1992 to December 1, 1992

Issue Date: July 1, 1994

Pool Maturity Date: December 1, 1997

Loan Maturity Dates: July 2, 1997 to December 1, 1997

Date of Last Payment: December 15, 1997

Example 2: Renewals/IADs January 2, 1994 to July 1, 1994

Issue Date: July 1, 1994

Pool Maturity Date: July 1, 1999

Loan Maturity Dates: January 2, 1999 to July 1, 1999

Date of Last Payment: July 15, 1999

Example 3: Renewals/IADs August 2, 1993 to February 1, 1994

Issue Date: July 1, 1994

Pool Maturity Date: February 1, 1999

Loan Maturity Dates: August 2, 1998 to February 1, 1999

Date of Last Payment: February 15, 1999

Mortgages must be equal payment mortgages that are amortized by equal monthly payments of principal and interest. Amortization periods must be acceptable under the NHA. Graduated Payment Mortgages or Variable Rate Mortgages are not eligible for the MBS program. Payment frequency must be at least once monthly.

As at the issue date, no mortgage in the MBS pool may be in default.

In addition, in the case of multi-family loans, the project must not have been in financial difficulty in the 6 months prior to the issue date. If arrears have been reported during this period, CMHC's concurrence must be obtained prior to pooling.



Pari passu mortgages will be considered as eligible security, provided that their arrangements were approved by CMHC at the time that the original mortgage funding was secured. *Pari passu* mortgages need not be in the same pool.

NHA insured second mortgages on Social Housing pools are eligible. They need not be in the same pool as related first mortgages.

Eligible Mortgages – Multiple Family Projects

Mortgages on market or non profit multiple-family projects in an MBS pool must not be subject to any financial arrangements that, in the opinion of CMHC, adversely affect risk of default.

Borrowers, guarantors or property managers for the properties or projects that are subject to the mortgages proposed to be included in an MBS pool must not be subject to any financial arrangements that, in the opinion of CMHC, adversely affect risk of default on the mortgages. In addition, they must not be experiencing financial difficulties for which they are currently negotiating special remedial arrangements with CMHC, the Approved Issuer or Servicer/Lender.

A mortgage proposed for pooling must not apply to a property or project that is subject to another mortgage that is not in good standing.

Where any of the above requirements are not met, the affected mortgages cannot be included in an MBS pool unless CMHC's consent is given prior to pooling.

Social Housing Loan Pools

Social housing loans must be closed to prepayment during the term of the pool and all requests for early payment of principal due to the completion of a legal action will require CMHC's prior approval.

For the purposes of this Guide, Social Housing pools include only the following classes of loans:

- a) New or existing NHA insured loans in respect of private, municipal or provincial Non-Profit projects receiving assistance under Section 95 of the NHA.
- b) Existing NHA insured loans in respect of Cooperative Housing projects with equal payment mortgages and Section 95 assistance.



- c) Other unilaterally delivered Provincial Social Housing Programs insured under Part 1 of the NHA receiving prior CMHC approval for pooling purposes under pool type “99”.

Pool Types

The following provides a description of the types of loans which can be found in each pool type:

Prefix 964 – Homeowner Pool: Loans to individuals on owner-occupied properties used as a principal residence and small investor units. (This could also include loans for owner-occupied 2-4 unit properties). On this pool type all penalty interest or indemnifications for early prepayments are paid to the pool investor.

Prefix 965 – Mixed Pool: Any combination of at least two loan categories, such as multiple-family and homeowner, homeowner and social housing, or multiple-family and social housing; and any multiple project where the mortgage can be fractured or where prepayments are allowed.

Prefix 966 – Multiple-family: Loans on insured multiple properties, small rental, large multiple-family projects, and/or social housing projects. Any multiple project in this pool category must be closed to prepayment.

Prefix 967 – Homeowner Pool: Loans to individuals on owner-occupied properties used as a principal residence, and small investor units. (This could also include loans for owner-occupied 2-4 unit properties). On this pool type, all penalty interest or indemnifications for early prepayments are retained by the Issuer.

Prefix 970 – Homeowner Pool: Loans to individuals on owner-occupied properties used as a principal residence and small investor units. (This could also include loans for owner-occupied 2-4 unit properties). On this pool type, an indemnity will be passed through to investors for any prepayment or renegotiation which occurs within the first 36 months following the interest adjustment date in all circumstances other than those where the prepayment provisions are specifically disclosed within the mortgage document and reproduced in the information circular. In no case shall the prepayment provisions disclosed allow for the partial prepayment in any year that exceeds 20% of the original principal amount of the mortgage, unless such prepayment is as a result of a bona fide sale to a third party of the underlying property or mortgage default resulting in a mortgage insurance claim under the NHA. In only these circumstances will the Issuer retain prepayment penalties or indemnities.

Prefix 99 – Characteristics defined under Social Housing Loan Pools.



Mortgage and Pool Parameters

Minimum Pool Amount

As at the issue date, which will be the first day of a month, the aggregate outstanding principal balance of all mortgages in a pool must be \$2 million or more.

Loan Term

The minimum term between the IAD (or the renewal date) and the mortgage maturity date must be 6 months or longer.

At the issue date of an MBS pool, the remaining term of a pooled mortgage must fall within 2 to 6 months of the maturity date of the Security Certificates issued for a pool according to the following table:

Term of Security	Maximum N° of Maturing Tranches
6 months up to 1 year	2 months
Greater than 1 year up to 2 years	3 months
Greater than 2 years up to 3 years	4 months
Greater than 3 years up to 4 years	5 months
Greater than 4 years	6 months

At least one loan must mature on the maturity date of the Security Certificates.

Example: For a 60 month pool issued July 1, 1993 maturing on July 1, 1998, all loans in the pool must mature between January 2, 1998 and July 1, 1998. This means that investors will receive a maximum of 6 payments of maturing principal.

Interest Rate

Each mortgage interest rate in an MBS pool must be at least 50 basis points or higher than the coupon rate of the respective Security Certificates. The difference between the highest and lowest pooled mortgage interest rates must not exceed 2%, and all rates must remain fixed during the term.

When different mortgage interest rates are included in a pool, the Issuer must state the weighted average rate on the Issuers Monthly Accounting Report, [CMHC 2840](#).

Amortization

As of the issue date, the remaining amortization period for all loans in a pool must be equal to or greater than the term of the MBS Certificates.



In the case of homeowner loans, all mortgages within a given pool that have a remaining amortization period of 15 years or less, must be placed in short term band pools, and mortgages within the pool that have amortization periods of 15 years or more must be placed in a long term band pool. This requirement does not apply to social housing or multiple-family loans.

The amortization period used to qualify the loan is based on the payment frequency at the time the loan is pooled. In some cases, this may be different than the contractual mortgage agreement.

Payment Frequency

Mortgages with repayment privileges more frequent than monthly, e.g. weekly, are eligible for pooling; however, for MBS reporting purposes they must be converted to the equivalent of monthly payments. In such cases the Issuers Monthly Accounting Report, [CMHC 2840](#) will still generate a single monthly payment of MBS principal to investors. Issuers must ensure that any change in an amortization period brought about by such a conversion are reflected in the amortized MBS schedule of monthly principal payments.

Loan Limits within a Pool

Each homeowner loan within a pool must not exceed 25% of the total aggregate principal amount of the pool. In the case of social housing and mixed multiple family housing pool types one multiple loan may be 100% of the value of the pool.

Mortgage Substitution

An Issuer is to ensure that when a loan is deemed ineligible for a pool, another loan is substituted that has an interest rate, term, and amortization period that are within acceptable ranges for the specific pool. The substitute loan is to have an outstanding principal balance that is close to, but not exceeding, the remaining principal balance of the original loan, the difference in principal balance to be passed through to the Investors. Substitutions are not permitted after final certification.

Substitutions must be reported on the Issuers Monthly Accounting Report, [CMHC 2840](#) as well as on the Schedule of Pooled Mortgages, [CMHC 2824](#).

Portable Loans

Loans may be transferred to a different property and remain in their original pool (Portable Loans), provided there is no change in the outstanding balance, loan term or conditions. The Issuer must ensure that appropriate documentation is deposited with the Custodian within 30 days of the transfer. Portable loans should not be reported on the [CMHC 2840](#) as a liquidation or substitution.



Pool Diversification

The Issuers are to ensure that mortgaged properties in a pool reflect a diversification of type and geographic location to limit the risks associated with mortgage defaults caused by an over-concentration in particular housing projects, owners development or housing market. CMHC will consider the extent of diversification before approving the pool.

Issuers are required to disclose and comment on pool diversity within the [CMHC 2834](#).

Servicing of Pooled Mortgages

A Servicer engaged by the Issuer must meet and maintain compliance with the following requirements in order to service the pooled mortgage loans on behalf of the Issuer.

- a) The Servicer must be an NHA Approved Lender, or a correspondent acting for the Approved Lender, in good standing, including provincial and local government organizations.
- b) The Servicer must have the origination or servicing of mortgage loans as a principal element of its business operations.
- c) A Servicer engaged by an Issuer must meet such additional requirements as CMHC may from time to time establish at its sole discretion.

Limitation Against Encumbrances

Prior to initial certification of NHA Mortgage-Backed Securities, Issuers must deliver to the Custodian, among other documents, an executed Mortgage Pools Transfer Agreement ([CMHC 2836](#)) and a copy of the registered Powers of Attorney ([CMHC 2841](#)) for loans originated in Common Law jurisdictions, and/or an executed Mortgage Pool Transfer and Servicing Agreement ([CMHC 2835](#)). Appropriate registerable assignment documentation for loans committed in the Province of Quebec is required for final certification. Upon the issue of the securities, the pooled mortgage loans must be cleared of any security interests or encumbrances arising from any previous or future assignments, pledges, hypothecations, or transfers of the Issuer's right, title, and interest in and to the mortgage loans (see Chapter 8, [Final Certification](#)). Having already assigned its right, title and interest in and to the mortgage loans to CMHC, the Issuer, its successor and assigns shall service each of the said mortgage loans in accordance with usual and prudent mortgage practice. Without in any way limiting the foregoing, the Issuer may grant releases or partial releases; with or without consideration, make any arrangement, consent to an agreement or amend the provisions of any mortgage without the consent of CMHC provided that any such release, agreement, arrangement or amendment is in accordance with the Issuer's usual mortgage practice and is in no way prejudicial to the Investors or CMHC.



Before the issuance of securities, mortgages to be included in mortgage loan pools may not be “warehoused” in a manner that results in the existence of a security interest in, or encumbrance of, any of the mortgages on or after the effective date of the assignments to CMHC. In this regard, the Issuer must provide the Custodian with releases of all security interests in the mortgages included within each specific mortgage loan pool by the interim (warehouse) lender(s) (see Release of Security Interest, [CMHC 2822](#)). In addition, the Issuer must certify that the foregoing releases encompass all mortgages in the pool (see Certification and Agreement, [CMHC 2816](#)). The Issuer may finance its transaction with the “warehousing lender” by other assets, or by the pledge of the prospective proceeds from the sale of the Mortgage-Backed Securities. Such arrangements are acceptable provided that the pooled mortgage loans are free from all encumbrances, at the time the assignments to CMHC become effective.

After the securities are issued, an Issuer may pledge its rights to receive the administration fee, provided, however, that the pledge or other security agreement shall stipulate that:

- a) the secured party shall acquire none of the rights of the Issuer in respect of the pool other than the right to receive any servicing fee payable to the Issuer in respect of the pool; and
- b) the Issuer is entitled to receive the administration fee with respect to the mortgage loan pool only while the Issuer is an Issuer in good standing.



Chapter 6

Procedures for the Issuance of NHA MBS

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Chapter 6 at a glance

This chapter outlines requirements and procedures for applying to CMHC for an Approval to Issue securities.



Applications for Approval to Issue Mortgage-Backed Securities

General Commitment Procedure

In order to issue NHA Mortgage-Backed Securities, Approved Issuers apply for and receive from CMHC an Application and Approval to Issue Mortgage-Backed Securities, [CMHC 2812](#). This may be done at the same time an applicant submits its [mortgage loan pool documentation](#) (see Chapter 7). An approval authorizes the Issuer to issue securities up to a stated amount within the six-month period immediately following the date of the approval. The Issuer must remain in good standing and comply with this Guide and any conditions specified in the Approval to Issue, between the granting of the approval to issue and the issue date.

Each Approval to Issue by CMHC is accompanied by, and identified in the records of CMHC by an 8-digit pool number.

Application Procedure

Approved Issuers must submit a number of forms and exhibits to the [NHA MBS Centre](#) to apply for an approval to issue Mortgage-Backed Securities. The forms and exhibits are described in more detail in [Chapter 7](#) and in [Part D](#) of the Program Guide. Approved Issuers must submit the following forms and exhibits:

- ◆ Application and Approval to Issue Mortgage-Backed Securities, [CMHC 2812](#).
- ◆ An annual (or more often if deemed required) certified statement of adjusted net worth as defined in [Part E, Appendix 7](#) of this Guide.
- ◆ Current information concerning the Issuer's key officers and employees. CMHC must be notified of changes in key officers and employees as they occur through submissions on Certificate of Incumbency, [CMHC 2805](#).
- ◆ Payment of the application fee. The fee payable is calculated as follows: \$1,000 per pool plus \$200 for each \$1 million (or part thereof) of the aggregate amount of commitment applied for in excess of the minimum mortgage loan pool size of \$2 million.

If it is determined that the proposed issue of Mortgage-Backed Securities is not eligible for guarantee, CMHC will advise the applicant in writing of its decision, stating the reasons for rejection.



Term of Approval to Issue

Commitments to guarantee Mortgage-Backed Securities expire six months from the date of the approval to issue. The applicant is under no obligation to issue the securities. CMHC may at the request of the Issuer approve an extension of the term of the approval to issue for a period not exceeding 45 days. A request for an extension must be made in writing before the expiration of the outstanding commitment and must be accompanied by the original Application and Approval to Issue Mortgage-Backed Securities, [CMHC 2812](#).

Adjustments to Approval to Issue

The amount of issued securities must not exceed the amount specified in the corresponding Approval to Issue. Issuers are encouraged to request in the Approval to Issue amounts that are at least slightly greater than the anticipated amount of the proposed issue of securities issuance. Approval to issue requests should be for more than the minimum allowable pool amount because it is virtually impossible to issue securities in the minimum amount allowed. By following this procedure, Issuers will avoid having to request an increase of the original Approval to Issue amount.

Approval to Issue Increases

If it is necessary to increase the amount specified in an Approval to Issue, the Issuer may make the request in writing to CMHC. The original Application and Approval to Issue Mortgage-Backed Securities, [CMHC 2812](#), must accompany the written request. CMHC must receive the request at least five full business days prior to the settlement date. These requests will be approved only if the Issuer meets all the conditions for granting an approval to issue.

Requests for an increase in the amount of the issue must be accompanied by a payment to CMHC in an amount equal to \$200 for each \$1 million or any part thereof of the requested increase. This is the amount of the additional application fee.

Unused Approval to Issue

An issue may be in an amount less than the original Approval to Issue amount as long as no issue amount is less than the minimum \$2 million amount described in this Guide. If the amount of securities issued is less than the amount specified in the Approval to Issue, the approval does not apply to the amount that exceeds the amount of the actual issue. A part of the application fee may be refundable in such cases.



Combining Approvals to Issue

Issuers may request that two or more outstanding Approvals to Issue be used together with a single issue of securities. The Issuer must submit to CMHC the original Application and Approval to Issue Mortgage-Backed Securities, [CMHC 2812](#), for all Approvals to Issue that are to be combined, along with a written request to combine the approvals under a single Approval to Issue number. These requests must be received by CMHC at least five full business days before the Custodian receives the pool documents. The total amount of each Approval to Issue will be included in the combined amount for the approval to issue. The combined approval to issue will have the same CMHC pool number and expiration date as the approval to issue with the shortest remaining term.

Delivery of Applications for Approval to Issue

Applications for Approval to Issue Mortgage-Backed Securities must be submitted to [the NHA Mortgage-Backed Securities Centre](#) at least five full business days before the settlement date.

Pool Type Designation

The Issuer must indicate on its Application and Approval to Issue Mortgage-Backed Securities, [CMHC 2812](#), the type of pool for which it is applying (see Chapter 5 for [Pool types](#)).



Chapter 7

Assembly and Submission of Mortgage Pool Documentation

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Chapter 7 at a glance

This chapter details the steps the Issuer must follow to deliver its pool document package to CMHC once the pool of mortgages is assembled.



Obtaining Application Forms

All forms used in connection with the NHA MBS Program are available in [Part D](#) of this guide. Issuers may input data directly to these forms, print them and forward the signed copies as per the [distribution instructions](#). The following exceptions apply:

[CMHC 2834](#): The electronic version of the table may not be large enough to fit all of the required pool data. The Issuer will have to then replicate it on its own systems in an adequate size. The final form is to be printed as a bilingual, bound, tumble booklet.

[CMHC 2840](#): These are to be submitted electronically to the Central Payor and Transfer Agent in the electronic format specified.

[CMHC 2841](#): Follow the detailed instructions immediately following the form for the format required in each province.

Required Documents

The Issuer or other appropriate parties must complete all documents on or before the issue date. The only document exempted from this requirement is the initial certification on the reverse of the Schedule of Pooled Mortgages, [CMHC 2824](#). CMHC must be informed of the intended settlement date of the securities when the documents are submitted. If the Issuer submits documents containing errors, or if documents are missing, the processing time requirement will start only when the fully corrected documents are received.

The proper forms of security assignment for each loan in a mortgage pool, as well as the following documents related to the pool, must be submitted to CMHC and the CPTA at least 5 full business days before the settlement date of the MBS Issuer.

Application and Approval to Issue Mortgage-Backed Securities, [CMHC 2812](#)

This form provides updated financial and business information about the Issuer, identifies the amount of pool applied for, stipulates some of the approval conditions and permits CMHC to identify the mortgage loan pool and account for the application fee.



Schedule of Subscribers and Contractual Agreement, [CMHC 2830](#)

This form lists the name, address and the face amount of securities subscribed for by each Investor. Securities that are not sold may be registered in the name of the Issuer. The list of subscribers and the delivery instructions may not be revised after the form is submitted to CMHC. The Issuer must state on the form the name of its authorized courier or other representative if the Mortgage-Backed Securities Certificates are to be picked up at the offices of the CPTA. The executed form confirms the establishment of a contract between CMHC and the Issuer. The form also requires that the Issuer provide the [CUSIP](#) number applicable to the issue. The CUSIP number is obtained by applying to:

The Canadian Depository for Securities Limited
2020 University Street, Suite 1620
Montréal, Quebec
H3A 2L4

Attention: S.I.E.S. Department

Schedule of Pooled Mortgages, [CMHC 2824](#)

This form describes the pooled mortgages. The Custodian must sign the initial certification on the reverse side of the Schedule of Pooled Mortgages, [CMHC 2824](#), before the settlement date of the securities. For pools with more than 20 loans, the mortgage details must be provided to the Custodian in an electronic format. No matter the size of the pool, all mortgage details must be provided to the Custodian at least 5 full business days prior to the settlement date. The Issuer and appropriate parties must complete the documents specified in Chapter 8 in order to allow the Custodian to complete [initial certification](#). The Custodian must have these documents before CPTA delivers the securities. The Custodian must complete the final certification within 120 days from the [issue date](#). The documents required for this [final certification](#) are also specified in Chapter 8.

Mortgage Pool Servicing Agreement, [CMHC 2814](#)

This agreement indicates whether the servicing of the pooled mortgages will be performed by the Issuer or by a sub-contract Servicer (or Servicers). If there is more than one Servicer, a [CMHC 2814](#) must be completed for each Servicer. Applicable [CMHC](#) account numbers must identify the mortgage loans they are administering.

Letter Agreement for Issuer's P & I Trust Account, [CMHC 2806](#)

This agreement provides CMHC with a standard [P & I trust account](#), along with the name and address of the depository institution and the account number. The agreement should specify "All Pools" if the same trust account is used for all the Issuer's pools.



Letter Agreement for Issuer's Tax Trust Account, [CMHC 2832](#)

If the Issuer collects property taxes on the pooled loans, this agreement provides CMHC with a standard trust account along with the name and address of the depository institution maintaining the [Tax Trust Account](#) number (see Chapter 10). This agreement can also provide alternate security that is acceptable to CMHC. The agreement should specify "All Pools" if the same tax trust account is used for all the Issuer's pools.

Custodial Agreement, [CMHC 2820](#)

This agreement describes the duties and responsibilities of both the Issuer and the Custodian as to the custody of the mortgage documents.

MBS Information Circular, [CMHC 2834](#)

This provides a standard form as a description of the securities to be issued. This form should be bilingual, properly printed and bound.

Guarantee Fee

The guarantee fee payable to CMHC must be included with the documentation. The fee payable is calculated as outlined in [Chapter 4](#).

The Pooling Method

Issuers must use the pooling method outlined below for all mortgage loan pools.

The initial unpaid balance of a pool shown on the [CMHC 2824](#) is the balance remaining after all principal payments scheduled for payment on the first day of the month of issue have been credited. That day is called the "issue date."

The first payment due Investors will be made on the payment day of the month following the issue date (approximately 45 days). This payment consists of the following:

- ◆ the expected principal due on the first day of the month immediately following the month of issue
- ◆ one month's interest (based on a 10-digit monthly factor) at the rate specified in the security on the original principal amount of the securities.



The maturity date of Mortgage-Backed Securities Certificates based on this method of pooling is the last maturity date of an underlying pooled mortgage. If the last maturing pooled mortgage matures on a day other than the first of the month, the maturity date of the issue is the first of the following month.

Mortgage Pools Transfer to CMHC Acting on Behalf of Investors

The following conditions apply for loans that originate in all provinces and territories other than the Province of Quebec:

- ◆ the Approved Issuer must execute a Mortgage Pools Transfer Agreement, form [CMHC 2836](#), and Power of Attorney, form [CMHC 2841](#)
- ◆ the Power of Attorney is to be registered in each land registry or land titles office in which pooled mortgages were originated
- ◆ these documents give CMHC all the Approved Issuers' rights, title and interests to the pooled mortgage loans upon the date of issue of the securities contained in the Schedule of Subscribers and Contractual Agreement, form [CMHC 2830](#)
- ◆ CMHC is acting on behalf of the investors in the pool; these documents must be delivered to the Custodian (see [Chapter 8](#)).

The following conditions apply for loans that originate in the Province of Quebec:

- ◆ the Approved Issuer must execute a Pooled Mortgage Loan Transfer and Servicing Agreement, form [CMHC 2835](#), and provide the appropriate form of registerable mortgage assignment documentation required in Quebec. Samples and detailed completion instructions for Quebec assignments are available to Issuers, in a separate publication, by contacting the NHA MBS Centre.
- ◆ these documents give CMHC all the Approved Issuers' rights, title and interests to the pooled mortgage loans upon the date of issue of the securities contained in the Schedule of Subscribers and Contractual Agreement, [CMHC 2830](#).

CMHC gives the Issuer the right to hold nominal title to the pooled mortgage loans for the sole purpose of facilitating servicing of the pooled mortgages. CMHC can exercise its rights of extinguishment and end the Issuer's right to hold nominal title upon a declaration of an [event of default](#).



If the Issuer defaults, CMHC is authorized to prepare, sign and deliver on behalf of and as attorney for the Issuer, assignments and transfers to CMHC of all rights and interests which the Issuer has at the Issue Date or acquires at a later date. These assignments and transfers can be in or under any of the documents relating to the mortgages in the pool, including:

- ◆ evidence of mortgage loan insurance
- ◆ the report on title, or title insurance, relied upon by the originator of the mortgage loan, (if applicable)
- ◆ evidence of indemnity against fire and other standard insurable perils
- ◆ other security ordinarily obtained by a prudent lender in connection with the mortgage loan, such as an assignment of lease and an assignment of chattel mortgages.

Re-assignment to Issuer

Once the Issuer has discharged all of its obligations to CMHC in respect of a mortgage pool in accordance with the terms of the NHA MBS Program Guide, the mortgage assignment documentation will no longer apply to that securitized pool. Once the Approved Issuer has discharged all of its obligations to CMHC in respect of a mortgage pool, all the documents in respect to that pooled loan will be returned to the Approved Issuer. Where an assignment has been registered and needs to be re-assigned, the Issuer is responsible for preparing, carrying out and registering the documents at its own expense.

Deficiency in Principal Balance at Issue Date

An Issuer may discover that a pool contains an ineligible mortgage subsequent to the submission of pool documentation to CMHC, but prior to the issue date, often because a loan has failed to fund in time. In such circumstances, the Issuer must [substitute a mortgage](#) (see Chapter 5) and immediately provide the Custodian with the appropriate documentation for initial certification.

As well, the Issuer must provide the Custodian, before the certificate is delivered, with a cheque for the difference between the amount of the original loan and the substituted loan. The cheque will be held in a trust account by the Custodian. If the P & I Trust Account does not contain the necessary funds, the Custodian will release the cheque to the CPTA. However, normally the CPTA debits the P & I Trust Account for that amount, where it is available in that account and the amount will be included in the first monthly accounting report and passed to the Investors as a principal adjustment with the first payment. The Custodian then returns the cheque to the Issuer.



Chapter 8

Custodian of Mortgage Documents

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Chapter 8 at a glance

This chapter describes the criteria that must be met by the custodial institution and the role it holds relating to pooled mortgages. It also provides a list of the required documents, the review procedures and the release of documents. The terms and conditions for transferring custodial responsibilities and for terminating a pool arrangement are also described.

Role of Custodian

A custodial institution acceptable to CMHC will hold documents relating to the pooled mortgages, on CMHC's behalf, for the life of a pool. Before the submission of documentation, the Approved Issuer shall enter into an agreement with a custodian institution to hold the documents. A Custodial Agreement, [CMHC 2820](#), must be completed for each pool. The Custodian will certify in two stages on the reverse side of the Schedule of Pooled Mortgages, [CMHC 2824](#), that it has examined the required documents in its possession and has found them to be acceptable and in compliance with the requirements of this Guide.

Custodian Eligibility Requirements

To be a Custodian, the institution must:

- ◆ be a federally or provincially chartered institution authorized to act in a fiduciary capacity with respect to valuable documents or be a chartered bank as described in Schedule I of the *Bank Act*, S.C. 1991, C.46
- ◆ be equipped with secure, fireproof storage facilities, with adequate controls on access to assure the safety, confidentiality and security of the documents, in accordance with customary standards for such storage facilities
- ◆ in its custodial function, use employees who are knowledgeable in the handling of mortgage documents and in the duties of a mortgage document Custodian
- ◆ satisfy such other reasonable requirements that CMHC deems necessary to protect its interest in the mortgage loan pool documents
- ◆ have computer systems such that can accept electronic versions of mortgage details, and be able to transmit that data to CMHC and to Central Payor and Transfer Agent in a form that is readable by CMHC's and the CPTA's computer systems
- ◆ be at arms length from the Approved Issuer.

Document Delivery and Certification

The Approved Issuer must deliver the documents outlined below to the Custodian in accordance with the conditions of the Custodial Agreement, [CMHC 2820](#), and in order to obtain the certification required on the Schedule of Pooled Mortgages, [CMHC 2824](#). Where the pool contains more than 20 mortgages, the loan details are to be provided to the Custodian in electronic format. The Custodian will ensure that the documents relate to the mortgage loans listed in the [CMHC 2824](#), and will certify receipt of the documents. The Custodian will also certify that it has examined the documents and determined that the documents satisfy the requirements of the Program as defined in this Guide.

Initial Certification

Prior to the delivery of the securities by the CPTA, the Custodian must certify that it has the following documents for all loans originated in provinces and territories other than the Province of Quebec:

- ◆ an executed copy of the Mortgage Pools Transfer Agreement, form [CMHC 2836](#)
- ◆ a Schedule of Pooled Mortgages, form [CMHC 2824](#)
- ◆ a copy of the registered Powers of Attorney, form [CMHC 2841](#), for all the applicable registry and land titles offices.

For loans originated in the Province of Quebec, the Custodian will certify that it has an executed Pooled Mortgage Transfer and Servicing Agreement, form [CMHC 2835](#). The appropriate registerable mortgage assignment documentation is required before final certification.

With the exception of portfolio insured loans, the Approved Issuer must provide the Custodian with the CMHC insured loan account number at the time of initial certification.

The initial certification made by the Custodian on the reverse side of the Schedule of Pooled Mortgages, [CMHC 2824](#), must be notarized (on the last page only if there is more than one page to the schedule). The Custodian should then forward a completed original Schedule of Pooled Mortgages, [CMHC 2824](#), directly to CMHC and to the Approved Issuer.

Final Certification

The Custodian must provide its final certification with respect to the following documents that relate to each and all pooled mortgage loans within 120 days of the mortgage pool issue date. In order to obtain final certification, the Approved Issuer must provide the Custodian with the CMHC insured loan account number for all pooled mortgages, plus the following:



- ◆ The Approved Issuer must provide the appropriate assignment documentation prescribed by CMHC. If the Approved Issuer did not originate the mortgage loan, the Approved Issuer must enclose photocopies of all registered assignments or transfers to show a complete chain of title from the originating mortgagee to the Approved Issuer.
- ◆ Each mortgage pledged by the Issuer must be free from any encumbrance or interest of a party other than the Issuer. If any mortgage is encumbered by other interests, the Issuer must obtain an executed original Release of Security Interest, [CMHC 2822](#), executed by any and all secured institution(s) other than the Approved Issuer relating to any and all mortgages included in the mortgage loan pool.

The Custodian must hold one or more releases per mortgage loan pool to the extent necessary to encompass all mortgages in the pool. If there are no such security interests, this submission is not required and the fact should be reported on Certification and Agreement, [CMHC 2816](#).

- ◆ An executed original Certification and Agreement, [CMHC 2816](#), signed by an officer of the Approved Issuer stating that:
 - Release of Security Interest, [CMHC 2822](#), delivered by the Approved Issuer to the Custodian encompasses all security agreements affecting any mortgages in this pool, or
 - there are no other assignment or security agreements other than the assignment to CMHC affecting any mortgage in this pool.

Such certification will be dated and shall identify the name of the Approved Issuer, and the name and title of the authorized officer who has signed the statement.

- ◆ A photocopy of the duplicate registered mortgage (DRM) loan document is required. The Issuer has the option of supplying to the Custodian either:
 - a photocopy of the one or two individual pages of the DRM document bearing the legal description of the property and the registration certification, or
 - a complete photocopy of the DRM document bearing a certificate of registration.
- ◆ Copies of any additional security related to the loan are to be included in the documentation, where the mortgage loan is secured for a multiple-family project or social housing project. Without restricting the foregoing, “security” includes any and all documents securing the loan, such as chattel mortgages, assignments of rents or assignments of leases.



- ◆ The Issuer's Custodian is to hold any additional security required by CMHC such as a letter of credit or guaranteed investment certificate in lieu of a tax trust account if there is additional security held for an NHA MBS pool on behalf of CMHC.

Documents must be complete and deposited with the Approved Issuer's Custodian when the period of time allotted for final certification expires. Loans that are not completely documented within the prescribed time must be replaced with a fully documented and pool-eligible loan.

If the Approved Issuer fails to achieve final certification within the specified time, it will constitute default according to the provisions of this Guide. Default will result in suspension of authority to originate further issues of Mortgage-Backed Securities. As well, CMHC in its sole discretion, may take further action under the provisions of [Chapter 13](#).

Custodian's Document Review Procedures

The Custodian shall conduct the review described below before making the final certification on the Schedule of Pooled Mortgages, [CMHC 2824](#). The listing of loans on the Schedule of Pooled Mortgages, [CMHC 2824](#), is to be used as a control in determining that the documents in the pool file relate to the pooled loans. The Custodian will retain a photocopy of the [CMHC 2824](#) as an inventory control of the pool documents. The Custodian ensures that:

- ◆ the [CMHC](#) account number and original principal amount of the loan appear on the [CMHC 2824](#). The [CMHC](#) account number must be the same as the number appearing on the mortgage and on any other security instrument. It may be less in the case of the loan amount, but never more than the original principal amount of the loan. Final certification is not to be granted if all [CMHC](#) reference numbers do not appear on the [CMHC 2824](#)
- ◆ a photocopy of the mortgage (or other acceptable security instrument) has been lodged
- ◆ it has a copy of the Mortgage Pools Transfer Agreement, form [CMHC 2836](#), and a copy of the registered Powers of Attorney, form [CMHC 2841](#), for all the provinces and territories other than the Province of Quebec
- ◆ it has a copy of the Pooled Mortgage Loan Transfer and Servicing Agreement, form [CMHC 2835](#), and the appropriate mortgage assignment documentation required in Quebec for all loans originated in Quebec.



Release of Documents

Under the terms of the Custodial Agreement, [CMHC 2820](#), copies of documents may be released to the Approved Issuer from time to time in connection with the servicing of mortgages, including foreclosure or other legal actions under the mortgage. The assignment documents in favour of CMHC may not be released.

The mortgage documents will be released normally to the Approved Issuer at the maturity of the securities (i.e. following the final payment of P & I to the Investors) unless CMHC agrees to other arrangements. CMHC agrees to the release of documents from the Custodian only if the documents are necessary in carrying out administrative actions relating to the mortgage loans. The Custodian must receive from the Approved Issuer a written request for the release of documents before any documents can be released for purposes other than liquidation. The Custodian must retain the written request from the Approved Issuer as evidence of its compliance with the document request procedures.

The standards of care in safeguarding documents that are applicable to Custodians are also applicable to Approved Issuers who have obtained possession of the documents for administrative purposes.

Approved Issuer Review of Custodial Documents

Routine reviews of custodial documents by the Approved Issuer's auditors or staff must be made on the premises of the Custodian while the documents are under the control of the Custodian.

Transfer of Custodial Responsibilities

Custodial responsibilities must not be transferred without the written approval of CMHC. If a transfer is contemplated, a written request by the Approved Issuer should be addressed to the [NHA MBS Centre](#).

The Custodian is responsible for controlling the documents until the time of their release to the substitute Custodian. The substitute Custodian is responsible for the safe transfer of the documents to its premises. The existing Custodian must not release the documents until it has received from the Approved Issuer a copy of CMHC's notice of approval.

CMHC's approval will be granted only where a new Custodial Agreement, [CMHC 2820](#), executed by the Approved Issuer and new Custodian, is submitted to CMHC for each pool.



Following the transfer, the following documents must be submitted to CMHC for each pool involved:

- ◆ A written notice of release of documents by the prior Custodian, stating: “All documents held by (name of Custodian) pertaining to CMHC Pool Number _____ have been released to (name of substitute Custodian). The release was made to (name of individual representing substitute Custodian) and was completed on (date).”
- ◆ An updated Schedule of Pooled Mortgages, [CMHC 2824](#), on which mortgages that have been satisfied are deleted and the certification countersigned by the new Custodian (a copy of the original Schedule of Pooled Mortgages, CMHC 2824, with the terminated loans being manually crossed out is acceptable). The substitute Custodian must determine, through a review of the inventory control record in the possession of the prior Custodian, Schedule of Pooled Mortgages, CMHC 2824, that it has received all required documents relating to all mortgage loans in the pool.

Termination of Pool

A pool arrangement may be terminated prior to the final maturity date of the outstanding securities in accordance with provisions in [Chapter 10](#). CMHC will notify the Custodian and authorize the release of any mortgage documents to the Approved Issuer.



Chapter 9

The Securities and the MBS Information Circular

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Chapter 9 at a glance

This chapter explains procedures for preparing, registering and delivering the certificates, both at the time of issuance and in connection with subsequent transfers of the securities from one registered owner to another.

General

The form and text of the certificate are shown in [Part E](#). Issuers and other participants in the program should read and understand the provisions in the certificate. These provisions outline the terms of the Investor's rights and the terms of the CMHC guarantee.

The securities provide for payments to be made to Investors by the CPTA on the [Payment Day](#) each month.

The Issuer alone is responsible for marketing its securities in accordance with the requirements set out in this Guide. The Issuer, on its own, makes all arrangements for the sale of the securities to Investors, either directly or through securities brokers or dealers. The Issuer also makes all arrangements to receive payment for the securities it issues.

Preparation of the MBS Information Circular

The Issuer is responsible for completing the MBS Information Circular for an issue of securities. The Issuer should have CMHC review the prepayment provisions included in the Information Circular before printing the form. The Issuer will use the MBS Information Circular, [CMHC 2834](#).

Delivery of the MBS Information Circular

No securities of any Issuer shall be sold in the primary market unless an MBS Information Circular has been given to the person to whom the securities are sold or has been sent to such a person before payment of all or any part of the purchase price of the securities is received. The Issuer is responsible for delivering information circulars relating to all Pools to CMHC and the CPTA.

Advertising Guidelines

Advertising in any form and the issuance of statements or releases to the press are prohibited until CMHC approves the proposed advertisements, statements or releases.



Securities Marketing and Trading Requirements

CMHC has established securities marketing and trading requirements intended to ensure that Issuers carry out their securities marketing and trading activities in a manner consistent with prudent business practices and according to their own and others' financial capacity. These requirements are found in [Part E, Appendix 2](#), Rules on Mortgage-Backed Securities Marketing and Trading. There are three components to these requirements:

- ◆ a suitability rule
- ◆ prudent business practice rules
- ◆ minimum forward delivery contract requirements relating to so-called market-to-market deposit requirements. There are also record keeping and reporting requirements.

Preparation of Securities

The CPTA prepares and readies the securities for delivery in accordance with instructions provided by the Issuer on the Schedule of Subscribers and Contractual Agreement, [CMHC 2830](#). The Issuer or its designated courier can pick up securities at the offices (window) of the CPTA.

Securities may also be delivered to the Issuer in accordance with the Issuer's instructions provided on the Schedule of Subscribers and Contractual Agreement, [CMHC 2830](#).

If any officer of CMHC or the CPTA who has signed a security instrument, either manually or in facsimile, ceases to be an officer before the security is delivered or disposed of, the security instrument can still be delivered or disposed of as if the person who signed it had not ceased to be an officer of the CMHC or the CPTA.

Central Registry of Investors

The CPTA maintains a record of securities ownership and transfer information at one central facility. This central registry is an automated system that records information on:

- ◆ new issues of securities
- ◆ the history of securities transfers for each issue
- ◆ the current registered ownership of all outstanding securities.



Issuers do not need to maintain a register of Investors. Therefore, information on ownership and transfers of securities is not routinely provided to individual Issuers.

Registration, Transfer and Assignment of Securities

Securities may be sold and assigned and the transfer may be registered either through the form of assignment appearing on the reverse side of each certificate, or through a form of detached assignment that is acceptable to the CPTA.

Transfers of the securities are carried out through the CPTA. Transfers of registered ownership are made by the CPTA according to instructions received from a securities dealer, a trust company, a bank or the new owner. Securities may be presented for registration of a transfer either at the CPTA's offices (window) or by mail.

Each security presented to the CPTA for transfer must be accompanied by a letter of direction that includes the following information on the securities forwarded for transfer:

- ◆ mortgage loan pool number
- ◆ CUSIP number
- ◆ number of the certificate
- ◆ original principal amount of security
- ◆ exact spelling of name in which the replacing certificate is to be issued
- ◆ complete address of the new Investor
- ◆ name and telephone number of the person handling the transfer
- ◆ complete instructions for delivering the new certificate.

A cheque payable to the CPTA for a transfer or replacement fee must accompany the request for each new certificate (see [Part E, Appendix 8, CPTA Fees and Charges](#)). Improper or incomplete items will be returned to the presenter and the transfer will not be registered until a correct item has been received.



The CPTA will prepare the new certificate and either mail it or deliver it at its window according to the instructions it receives no more than two business days after the receipt of proper transfer instructions.

Replacement in the Event of Loss, Theft, Destruction, Mutilation or Defacement of Certificates

If the owner needs a replacement certificate because of loss, theft, destruction, mutilation or defacement of a security, the owner of the certificate must provide the CPTA with full identification of the certificate and details of the situation reported. Also, a fixed bond of indemnity or indemnification in an amount equal to the remaining principal value of the certificate at the time the loss is declared must be supplied to the CPTA to be held on behalf of CMHC.

The indemnification must be in a form and with such surety, sureties or security as may be required by CMHC to protect the interest of CMHC and the CPTA. Information regarding indemnification requirements may be obtained from the CPTA. CMHC and the CPTA must be named in the bond as beneficiaries. The CPTA will charge a fee for each replacement certificate to be issued.

Loss or Theft

Report of the loss or theft of a certificate must be made promptly to the CPTA in an Affidavit of Loss (copies of the form of affidavit may be obtained from the CPTA). The affidavit shall include:

- ◆ the name and address of the registered holder. If another person makes the affidavit, the capacity in which he or she represents the holder must be stated
- ◆ the identification of the certificate by CMHC pool number, certificate number, original principal amount and the name of the Issuer, together with the exact form in which the certificate was registered and a statement that the certificate has not been sold, assigned, hypothecated or gifted, nor has any endorsement or any other writing on it
- ◆ a complete description of the circumstances surrounding the loss or theft.

When the CPTA has been notified of loss or theft, it will acknowledge the receipt, make a notation on the records of the loss or theft, and will not register any further transfer of the security. This will allow the registered owner to obtain the required bond of indemnity and other documentation.



Destruction, Mutilation or Defacement

If a certificate is destroyed or becomes so mutilated or defaced as to impair its value to the owner, an affidavit and a bond of indemnity or other indemnification as outlined above shall be forwarded to the CPTA. All available portions of the mutilated or defaced certificate must also be submitted. The CPTA will then arrange for the preparation of a replacement certificate.

Issuer's Responsibilities

The Issuer must promptly notify the CPTA in the manner described above if it becomes aware of a lost, stolen, destroyed or mutilated certificate.



Chapter 10

Pool Administration

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Chapter 10 at a glance

This chapter describes the authorities under which the servicing of pooled mortgages must be carried out. It discusses scheduled payment to Investors, and why Issuers must designate and maintain a Central P & I Trust Account for P & I collections. The chapter summarizes the CPTA monthly debit procedures and explains tax trust accounts. Next, the chapter summarizes the procedures for submitting monthly accounting reports, and examines monthly accounting reports. The chapter examines the custodial agreement, transfers of issuer responsibility and trust accounts, the monthly accounting report, the issuer's change of status and other reports. The date of maturity for an issue of securities, the termination of a mortgage loan pool and the corresponding securities, and the surrender of certificates are then discussed.



General

The Issuer shall either service the pooled mortgages or arrange for them to be serviced, and will make the necessary funds available for payment to the Investors according to the provisions of this Guide. Any arrangements for sub-contract servicing of the pooled mortgages must follow the requirements outlined in [Chapter 2](#). A sub-contract Servicer must be an Approved Lender or a mortgage correspondent acting on behalf of an Approved Lender. The terms of servicing arrangements are contained in the Mortgage Pool Servicing Agreement, [CMHC 2814](#), which must be submitted to CMHC before it issues the securities.

Servicing Standards and Requirements

Subject to the provisions of this Guide, pooled mortgages must be serviced according to the provisions of the NHA, the National Housing Loan Regulations, the CMHC Mortgage Loan Insurance Handbook and prudent mortgage practices in the mortgage lending industry.

The Issuer or any sub-contract Servicer shall not remove a mortgage loan from a pool, reduce a balance on the pooled mortgage loan or remove funds from a pool trust account without the written approval of CMHC for any reason not authorized in this Guide.

The pooled mortgages shall be serviced in a prudent and diligent manner. The Issuer will manage collections, foreclosure or other legal proceedings or remedies in a timely fashion under applicable laws and contracts and in conformity with all applicable rules, procedures and regulations.

Funds to Pay Investors

The Issuer will make available to the CPTA the funds required for the scheduled payment to the Investors each month in a timely manner.

Timing of Remittance to the CPTA

The Issuer must have in its Central P & I Account “same-day-funds” for each of its NHA Mortgage-Backed Securities pools by 3:00 P.M. Toronto time on the 14th calendar day of each month. If the 14th calendar day is not a business day, the applicable date is the first business day after the 14th.



Amounts Due Investors

The funds due in the Central P & I Account for each pool shall equal the sum of:

- ◆ interest compounded semi-annually (10-digit monthly factor) at the rate of interest provided for in the securities and multiplied by the unpaid principal balance of the securities at the end of the prior reporting period. Issuers must use monthly interest rate factors compounded semi-annually at the interest face rate of the security; plus
- ◆ expected principal payments due on the pooled mortgages; plus
- ◆ unscheduled recoveries of principal, including all unscheduled recoveries of principal on the mortgages received up to the monthly reporting cut-off date, including additional principal payments, liquidations and indemnities paid by expropriating authorities or insurers covering the destruction of the improvements. All these payments must be made available to the CPTA in the Issuer's Central P & I Trust Account in the month following the reporting month in which the payment is received. Any unscheduled recoveries of principal that occur after the reporting cut-off date, within a given month, will be paid through and reported in the following accounting period. The Issuer shall further adjust the amount made available from its own funds to remit to the Investors any principal that remains unrecovered after the withdrawal from a pool of a defective loan or after any other liquidation or other disposition of mortgages. These adjustments from the Issuer's own funds constitute unscheduled recoveries of principal; plus
- ◆ the full amount of interest penalties or indemnifications chargeable to mortgagors on prepayments made available to the CPTA for distribution to the Investors, for any pool other than the [967 pool type](#). These interest penalties or indemnities must be consistent with the Issuer's prepayment policies (contained in the pool mortgage documentation or other documented Approved Lender prepayment policies) and detailed in the MBS Information Circular, [CMHC 2834](#), at the issue date of the securities. If for business reasons the Issuer chooses to waive these interest penalties or indemnities to the mortgagor, then it must make available to the CPTA the amount of the waived penalty from its own resources.
- ◆ For [967 pool types](#), the Issuer must keep interest penalties or indemnifications that can be charged to the mortgagor. These interest penalties or indemnifications must be consistent with the Issuer's prepayment policies (contained in the pool mortgage documentation or other documented Approved Lender prepayment policies). The prepayment policies must be disclosed and detailed in the MBS Information Circular, [CMHC 2834](#), at the issue date of the securities.



Obligation to Make Advances

Each Issuer shall establish and maintain controls that allow the Issuer to determine accurately whether it will have collected and have sufficient funds available for timely remittance to the CPTA.

If the Issuer finds that it will not have enough funds available, the Issuer must either make sufficient advances from its own funds or must make a timely request to CMHC that it advance sufficient funds to the CPTA. The Issuer will be considered in default under its contract with CMHC if CMHC has to advance funds (see [Chapter 13](#)).

Use of Excess Funds to Cover Shortfalls in Mortgage Collections

The Issuer may use excess funds attributable to one or more pools to cover deficiencies, instead of advancing new funds, to transfer to the CPTA the amount needed to pay Investors, as required in this section. Excess funds, for this purpose, are:

- ◆ interest collected on account of a pool of mortgages that is greater than the sum of interest payable on the securities based on that pool,
- ◆ a proportion of the P & I amounts collected on account of the pooled mortgages that is payable to the Issuer as owner of securities based on that mortgage pool,
- ◆ any part of the reserves built up by the Issuer in its trust accounts for whatever purpose, and
- ◆ interest accrued on any of these amounts.

“Excess Funds” do not include unscheduled recoveries of principal on mortgages and related penalties or indemnities that will form part of the remittance to Investors in the following month, nor any early receipts of scheduled P & I.

Establishment and Maintenance of Central P & I Account

Each Issuer must designate and maintain an account as its single Central P & I Trust Account. The Issuer must submit a Central Clearing House Debit Authorization, [CMHC 2808](#), that authorizes the CPTA to debit this account monthly. The account may be opened and maintained by the Issuer in its own institution or with another deposit-taking financial institution, provided the account is insured under the Canada Deposit Insurance Corporation or an equivalent provincial agency.



The depository institution must be a member of the Canadian Payments Association. The CPTA must be able to debit the Central P & I Account instantly. The account may be one of the Issuer's P & I Trust Accounts or a separate account. In either case, it must have been established using a Letter Agreement for Issuer's P & I Trust Account, [CMHC 2806](#).

The Issuer must deposit, in the Central P & I Account, "same-day-funds" for each of its pools equal to the amounts needed by the CPTA to pay Investors. These deposits must be made no later than the date and time each month specified above in [Timing of Remittance to the CPTA](#).

The Issuer shall make withdrawals from a separate Central P & I Account only to remove amounts deposited in that account by mistake.

Establishment and Maintenance of P & I Trust Account – Collections

The Issuer must establish and maintain a P & I Trust Account using Letter Agreement for Issuer's P & I Trust Account, [CMHC 2806](#), for the mortgages in each pool. The account may be drawn upon by the Issuer and by CMHC. The account may be opened and maintained by the Issuer in its own institution or with another deposit-taking financial institution as long as the account is insured under the Canada Deposit Insurance Corporation or an equivalent provincial deposit insuring agency. Other arrangements may be considered by CMHC as long as CMHC has full access to the account and is satisfied that its interests are protected.

The Issuer shall on a daily basis deposit and retain in this account all interest and principal collected on account of the pooled mortgages. Pre-payments and other recoveries of principal, advances made by the Issuer or CMHC and repayments of previously withdrawn excess funds (as defined in this chapter) can also be deposited in this account. The use of separate clearing accounts to receive funds is permitted as long as those accounts are cleared daily to the P & I Trust Account.

If Issuers are unable to clear on a daily basis to the P & I Trust Account any payments of principal and interest collected on account of pooled mortgages, they must ensure that all payments of principal and interest collected and reported on the Issuer's Monthly Accounting Report, [CMHC 2840](#), are deposited to the P & I Trust Account by the end of the third full business day of the month. These Issuers must maintain an additional dollar amount in the P & I Trust Account at all times to cover deposits of unscheduled principal prepayments (UPP). This requirement does not apply if amounts collected are deposited to the Trust Account daily.



The additional dollar amount should represent a percentage of UPP. The percentage will be based on the Issuer's average monthly UPP rate for the last year and calculated on the basis of the end of year principal balance. This amount is to be reviewed and revised annually by the Issuer and will become an item examined as part of the Issuer's External Specified Procedures Report.

The Issuer will only withdraw funds from this account for temporary reinvestment of the monies on behalf of the P & I Trust Account. The Issuer can also withdraw funds from this account if it needs to transfer funds to a Central P & I Account so that the CPTA can pay Investors. Finally, the Issuer can also withdraw funds for the following purposes:

- ◆ To reinvest scheduled and unscheduled P & I payments in short-term government T-Bills, bonds, Purchase and Resale Agreements with the Bank of Canada, comparable grade provincial or federal debt instruments, Bankers' Acceptance or in an interest bearing P & I Trust Account.

The Issuer must invest the funds on behalf of the P & I Trust Account and mature sufficient investments by the 14th of each month to make sure funds are available for the CPTA.

- ◆ To reimburse itself or CMHC for any advances used to make timely payments on securities. This reimbursement, in the case of each advance, shall be for interest and principal advanced and only from related collections or other recoveries of interest and principal that are received separately from or on account of the same pool of mortgages.
- ◆ To reimburse itself or CMHC for the amount greater than any advance over and above the amount needed for the purpose of the advance.
- ◆ To use excess funds (as defined above) instead of using the Issuer's own funds to cover deficiencies in other pools using the same P & I Trust Account.
- ◆ To withdraw any portions of installments deposited in the account and collected on the pooled mortgages for the payment of late charges or the removal of any other amounts deposited temporarily through error or otherwise.
- ◆ To compensate itself, monthly or otherwise, for servicing the pooled mortgages or to recover all or any part of any interest differential, including reinvestment interest, between the inflow of interest funds derived from the mortgages and the outflow of interest funds to Investors.



- ◆ To clear and terminate the trust account at the maturity or termination of the issue of securities and of the pool, or at such time as CMHC approves a transfer of the funds on deposit to a substitute P & I Trust Account.

For any pool, P & I collections must be deposited into a single P & I Trust Account. These accounts may contain funds for more than one pool as long as each one is accounted for separately.

CPTA Payment Procedure (Payment Date)

General – On the payment date of each month, the Issuer must have “same-day-funds” for each of its pools deposited in the Central P & I Account. The deposit must be sufficient to cover interest and principal due on its securities. The CPTA, through a Central Clearing House or similar transaction, debits the account on the payment date of each month in amounts necessary to pay the Investors.

Test Debit – The Issuer must arrange with the CPTA for a test debit before the first regular monthly debit of any Central P & I Account. This must be conducted before the first calendar day of the month in which the first regular monthly debit will occur for the specific account. The test debit is a zero balance transaction conducted by the CPTA to verify that the account is properly established. The test debit can be arranged by contacting the CPTA.

Timing of Monthly Debit – The CPTA will process the debits for P & I funds after 3:00 P.M. Toronto time on the 14th calendar day of each month. If the 14th calendar day is not a business day, the applicable date is the first business day after the 14th.

Amount of Monthly Debits – The CPTA processes a separate debit for each pool on the payment date of each month. These debits consist of the total P & I due Investors with respect to that single pool. The CPTA calculates the amount of P & I for each debit based on the information provided by the Issuer in the Issuer’s Monthly Accounting Report, [CMHC 2840](#).



Establishment and Maintenance of Tax Trust Accounts

The Issuer shall establish and maintain a Tax Trust Account using a Letter Agreement for Issuer's Tax Trust Account, [CMHC 2832](#), for mortgages in any pool containing multi-unit projects – i.e. 965, 966, 990 pool types – if they require deposits of monthly installments for property taxes. The account may be drawn on by the Issuer and CMHC (and Servicer, if any). The Issuer may establish the Tax Trust Account in its own institution or with another deposit-taking financial institution as long as the institution where the account is held is insured under the Canada Deposit Insurance Corporation or equivalent provincial deposit insuring agency. CMHC may consider other arrangements as long as it has full access to the account and is satisfied that its interests are protected.

The Issuer or Servicer shall deposit and retain in this account all collections for taxes, assessments or comparable items on account of the pooled mortgages. The Issuer may provide a letter of credit or other acceptable form of security instead of a Tax Trust Account. These must be payable to CMHC for an amount equaling 50% of the annual property taxes payable for the pooled mortgages on which the Issuer collects property taxes. The security must be deposited with the Issuer's Custodian.

The Issuer or Servicer shall make withdrawals from the Tax Trust Accounts only to make timely payment of mortgagors' taxes, assessments or comparable items. The Issuer may also make withdrawals to clear and terminate the Trust Account(s) at the termination of the pool and of the issue of securities or whenever CMHC may approve a transfer of the funds on deposit to a substitute Tax Trust Account.

Issuers may deposit tax funds in interest-bearing accounts. The disposition of any earnings must be carried out according to the requirements of the mortgages and according to any other requirements of provincial and federal laws and regulations.

Monthly Accounting Reports

Each Issuer must submit monthly to the CPTA the Issuer's Monthly Accounting Report – [CMHC 2840](#), for every pool. The reverse side of this report contains a liquidation schedule and a substitution schedule, both of which must be completed and submitted for each NHA insured loan replaced in the pool.



The report, along with supporting documents, must be sent to the CPTA no later than the third business day of each month. The report must be delivered as soon as possible after the cut-off date for the reporting period.

Reporting and Withholding on Income Flows

The CPTA will prepare, file with the appropriate authorities and distribute all reports required under federal or provincial income tax laws for all securities issued. In doing so, the CPTA as Paying Agent will rely on information obtained from the Issuers through monthly accounting reports and any necessary clarifications. Issuers are responsible for the accuracy of all the information supplied to the CPTA. Each Issuer authorizes the CPTA to fulfill the foregoing requirements on its behalf and, if requested by CMHC or the CPTA, will execute any necessary authorizations to do so.

Records

The Issuer's mortgage loan servicing system must be able to produce at any time, for all mortgages, an accounting that identifies the CMHC pool Number for each listed mortgage. It must also have the capability to provide the following documents: a transcript itemizing, in chronological order, the monthly installment due dates for each mortgage; the amount and date of each collection, disbursement, advance, adjustment or other transaction affecting the amounts due from or to the mortgage debtor; and the latest outstanding balances of principal, deposits, advances, and unapplied payments. The accounts and records relating to the pooled mortgages must be maintained according to sound accounting practices and in a manner that will permit CMHC's representatives to examine and audit these accounts and records at any reasonable time.

Further, the Issuer shall establish and maintain records of advances made into the Trust Accounts to indicate:

- ◆ the use made of advances for payments required on securities, including their allocation as between interest and principal on such securities
- ◆ the pooled mortgages, and which advances are made
- ◆ recoveries and losses of advances made to such mortgages, including their allocation between interest and principal.



Miscellaneous

Custodial Agreement – The Issuer shall establish and maintain for the life of any pool a Custodial Agreement according to the procedures in [Chapter 8](#).

Transfers of Issuer Responsibility and Trust Accounts – The Issuer must receive prior written approval from CMHC to transfer its responsibility, a P & I, Central P & I, or Tax Trust Account. This must be carried out according to the procedures in [Chapter 11](#).

Monthly Accounting Report – Issuers must report mortgage pool information for each pool on a monthly basis according to the completion procedures contained in the Issuer’s Monthly Accounting Report, [CMHC 2840](#). A reporting cut-off date between the 25th and the last day of the month must be established for the accounting report. This report must be received by the CPTA no later than the third business day of the month following the reporting month.

Issuer’s Change of Status – The Issuer must promptly notify [CMHC](#), the [CPTA](#), and the Custodian in writing of any impending change in the Issuer’s business status. This includes merger, consolidation, sale of the business, change in name and other action materially affecting the Issuer’s business status. It includes but is not limited to the start of any action or proceeding under liquidation or bankruptcy law. Subsequently, CMHC must be informed in a timely manner of the status of the change and of its implementation.

To make a change in name only on CMHC’s records, the Issuer must provide a copy of the documents effecting the change and approved and registered under the applicable law. A new Resolution of Board of Directors, [CMHC 2804](#) and Certificate of Incumbency, [CMHC 2805](#), must be provided to CMHC and the CPTA.

Other Reports – The Issuer will provide CMHC during the life of any pool any information that is necessary, reasonable or appropriate in respect to CMHC in its capacity as Guarantor.

Maturity or Termination of Pool and NHA Mortgage-Backed Securities

Maturity

An issue of securities matures on the stated maturity dates of the certificates or on the last maturity date of an underlying pooled mortgages, whichever is earlier. If the last maturing pooled mortgage matures on a day other than the first of the month, the maturity date of the issue is the first of the following month. Any loans maturing in tranches prior to the maturity date of the pool must be forecast and passed through as maturing principal.



Example: Loans maturing Oct. 1, Nov. 1, Dec. 1
Pool maturing Dec. 1

Oct. 1 maturing principal to be passed through to investors is included in the September Accounting report.

Termination

A mortgage loan pool and the corresponding securities may be terminated at any time before the final maturity date of the securities as described in the previous paragraph as long as the Issuer and all Investors of the outstanding securities have entered into a written agreement requesting this termination. No pool may be terminated as a result of the Issuers unilaterally prepaying principal amounts on the securities in excess of the scheduled or received payments of the mortgagors. The CMHC guarantee will be void upon formal notification to CMHC and accompanied by satisfactory evidence that all parties involved in the termination agreement have concurred. All outstanding certificates pertaining to this termination must be returned to the CPTA for cancellation before the Custodian will be allowed to release the documents relating to the pooled mortgages.

Surrender of Certificates

At maturity or upon earlier termination of a pool, all outstanding certificates must be surrendered to the CPTA for cancellation before the final disbursement to Investors. Payments for unsurrendered certificates will be retained by the CPTA until it receives the certificates. Investors will receive only the amount owing on the certificate at maturity date regardless of the actual date of surrender of the certificate.

Audit and Examinations

CMHC or its agent will have the right to examine and audit, at any reasonable time, any and all records of any Issuer, any Custodian or any agent or sub-contract Servicer of the Issuer bearing on its guarantee of securities. These records may be in the form of microfilm or other form of documentation acceptable to CMHC.

Without limiting the foregoing, CMHC shall have the right, without prior notice to the Issuer, to perform or arrange for an audit of the Issuer's compliance with the provisions of this Guide and of the accuracy of the Issuer's Monthly Accounting Report, [CMHC 2840](#). This audit can take place for the first time during the first year after an Issuer issues a security under this program and periodically thereafter.



Chapter 11

Transfers of Trust Accounts, Servicing and Issuer Responsibility

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Chapter 11 at a glance

This chapter outlines requirements and procedures to apply to CMHC for approval to transfer trust accounts, servicing, and other forms of Issuer responsibility under the CMHC program. It also outlines how to carry out these transfers.

Transfer of P & I or Tax Trust Accounts

P & I and Tax Trust Accounts may be transferred from one institution to another or may be consolidated into one P & I account and one tax account as long as the transfer receives CMHC's prior written approval. To request written approval for a transfer of trust funds, either to a new institution or to a different account in the same institution, the Issuer must make a submission to CMHC for each pool that will be affected by the transfer:

- ◆ for the P & I Trust Account, a new Letter Agreement for Issuer's P & I Trust Account, [CMHC 2806](#), which covers each affected pool
- ◆ for the Tax Account, a new Letter Agreement for Issuer's Tax Trust Account, [CMHC 2832](#), which covers each affected pool.

If accounts are consolidated, only one new form needs to be executed for any one account as long as all of the affected pool numbers are clearly listed and incorporated in the letter agreement. Issuers must submit revised forms for P & I or Tax Trust Account changes for Issuer pools to the NHA Mortgage-Backed Securities Centre.

Transfer of Central P & I Accounts

The Central P & I Account may be transferred from one institution to another as long as the new institution meets the requirements specified in [Chapter 10](#). The transfer must also receive CMHC's prior written approval and the steps indicated below must be followed:

Request Approval of Transfer

The Issuer must submit to CMHC a new Central Clearing House Debit Authorization, [CMHC 2808](#), covering all pools for which the Issuer is responsible in order to request written approval for a transfer.

If the new Central P & I Account is an account not previously established and reported to CMHC, then a new Letter Agreement for Issuer's P & I Trust Account, [CMHC 2806](#) covering all pools must also accompany the request. The request must be received by CMHC no later than the first calendar day of the month before the month in which the new account will first be debited.

P & I Account Control

It is clearly understood that CMHC must have control over the account as per the agreement with the Issuer in the event of Issuer default.



Transfer of Custodian

Custodian responsibilities may be transferred as long as any transfer is carried out according to the procedures outlined in [Chapter 8](#) of this Guide.

Transfer of Servicing

CMHC must give prior written approval of any transfer of pooled mortgage loan servicing. Any change in pooled mortgage servicing arrangements must be approved in writing by CMHC before the transfer. CMHC will only approve a transfer when it is satisfied that the requirements for Servicers outlined in this section and in [Chapters 2](#) and [3](#) will be met by the new arrangements.

The Issuer must supply CMHC with the following documents to request a transfer of servicing responsibility:

- ◆ an explanation of the reasons for the transfer
- ◆ a new Mortgage Pool Servicing Agreement, [CMHC 2814](#), fully executed. The new Servicer must meet CMHC requirements to be a Servicer and have facilities and staff adequate for the number and type of mortgages to be transferred
- ◆ a new Central Clearing House Debit Authorization, [CMHC 2808](#), Letter Agreement for Issuer's Tax Trust Account, [CMHC 2832](#), and Custodial Agreement, [CMHC 2820](#), as appropriate. This is required if there are to be changes in the P & I or Tax Accounts or in the Custodian.

Issuers must send their written requests to the [NHA MBS Centre](#). CMHC's written approval will be based on its review of the above submissions. The transfer of servicing may take place only after the Issuer receives CMHC's written approval. The request must be received by CMHC no later than the first calendar day of the month before the month in which the new Servicer will begin servicing the mortgages.

Transfer of Issuer Responsibility

An Issuer may transfer its responsibilities as Issuer for some or all of the pools it administers as long as the transfer is first approved in writing by CMHC and the transfer is carried out using the assignment agreement prescribed by CMHC. The substitute Issuer must assume all of the duties and obligations of the prior Issuer. Only pools that have been certified by the Custodian may be transferred.



Transfers of Issuer responsibility should only be requested relatively infrequently and for the purpose of addressing non-recurring business situations. These transfers may not be a routine part of an Issuer's business. For such a transfer to be approved, the following requirements must be met:

- ◆ The proposed substitute Issuer must be an Approved Issuer under the CMHC program in good standing with experience and facilities adequate to administer the pools to be transferred.
- ◆ The proposed substitute Issuer must have a net worth in assets acceptable to CMHC in an amount sufficient to meet CMHC's requirements for the full amount of securities for which it will be responsible.
- ◆ The reasons for the requested transfer must be described to CMHC in writing and follow sound business practices and the promotion of stable pool administration arrangements. The Issuer must demonstrate that the transfer is required due to special, non-recurring business circumstances and will not be a routine part of its business.
- ◆ The transfer must be determined by CMHC not to be detrimental to CMHC or to the Investors in guaranteed securities.

The existing Issuer must make a written request to CMHC to initiate a transfer of Issuer responsibility, addressing each of the requirements above.

When the existing Issuer receives approval for the transfer, but before the actual transfer, the existing Issuer must submit to CMHC a:

- ◆ corporate resolution of the existing Issuer approving the request for the transfer
- ◆ new Custodial Agreement, [CMHC 2820](#), for each pool and executed by the substitute Issuer and Custodian. If there is to be a new Custodian, the existing Custodian must receive a written request for the release of documents for each pool. The document will state that the existing Custodian is to be released of its responsibility for the documents after their transfer to the new Custodian
- ◆ new Mortgage Pool Servicing Agreement, [CMHC 2814](#), executed by the substitute Issuer (and sub-contract Servicer, if any) for each pool
- ◆ Letter Agreement for Issuer's P & I Trust Account, [CMHC 2806](#) and Letter Agreement for Issuer's Tax Trust Account, [CMHC 2832](#). The substitute Issuer will use [its Central P & I Account](#) established and tested according to the procedures in Chapter 10.



- ◆ an executed Assignment Agreement (see [Part E, Appendix 6](#), Issuer Assignment Agreement) submitted for CMHC's signature.

The transfer of Issuer responsibility will be effective on the date CMHC executes the Issuer Assignment Agreement. Therefore, the Issuer-executed Assignment Agreement must be received by CMHC no later than the first calendar day of the month before the month in which the new Issuer will cover the automated debit.

Following CMHC's signing of the Issuer Assignment Agreement, the substitute Issuer must obtain, and submit to CMHC:

- ◆ copy of a written release of documents from the prior Custodian unless the same Custodian is to be used
- ◆ following the transfer of all documents, an updated copy of the original Schedule of Pooled Mortgages, [CMHC 2824](#), for each pool on which mortgages that have been satisfied are deleted with the certification signed by the new Custodian. A copy of the original Schedule of Pooled Mortgages, [CMHC 2824](#) with terminated loans being manually crossed out is satisfactory.

In addition to the above-stated requirements:

- ◆ The prior Issuer must endorse in favor of the substitute Issuer, without recourse, each note or other instrument showing indebtedness included in the subject pools. The substitute Issuer must then endorse each such instrument in blank without recourse. By executing the Schedule of Pooled Mortgages, [CMHC 2824](#), the Custodian acknowledges to CMHC that the instruments have been properly endorsed.
- ◆ For each mortgage in the pools, the parties must execute and register a transfer of nominal title to the mortgage from the prior Issuer to the substitute Issuer for each mortgage in the pools. The Custodian must then be sent the registered assignment documentation or a certified copy.

For all loans originated in the Province of Quebec, the prior Approved Issuer must execute and register, in favour of the substitute Approved Issuer, the appropriate assignment documentation covering each pooled mortgage.

- ◆ The substitute Approved Issuer must also execute and give the Custodian a copy of the Mortgage Pools Transfer Agreement, form [CMHC 2836](#), and the applicable registered Powers of Attorney, form [CMHC 2841](#), for all loans originated in all provinces and territories other than the Province of Quebec. The substitute Approved Issuer must complete a Pooled Mortgage Loan Transfer and Servicing Agreement, form [CMHC 2835](#), and the appropriate mortgage assignment documentation for all loans originated in Quebec.



Chapter 12

General Provisions

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Chapter 12 at a glance

The terms and provisions of this Guide form the contract between CMHC and each Issuer that issues securities pursuant to Part I of the NHA. This chapter provides general provisions of the contract between CMHC and each Issuer.

Formation of the Contract

The contract between an Issuer and CMHC for the issuance and guarantee of securities backed by the mortgage loan pool is created by the execution of a Schedule of Subscribers and Contractual Agreement, [CMHC 2830](#), by an Issuer and CMHC for an issue of securities and a mortgage loan pool. This contract will incorporate all the terms and provisions of this Guide. The mortgage loans subject to the contract are identified through the Schedule of Pooled Mortgages, [CMHC 2824](#) and incorporated by reference in the Schedule of Subscribers and Contractual Agreement, [CMHC 2830](#).

Nothing expressed or implied in this Guide shall give any benefit or any legal or equitable right, remedy or claim to any person other than the CPTA, CMHC and each Issuer. The only exception is that the provisions contained below under *CMHC's Representations and Warranties and Obligations to Investors* shall inure to the benefit and advantage of all Investors as provided in the last paragraph of that section.

Issuer's Representations and Warranties

Each Issuer of securities represents and warrants, as of the issue date of the respective securities which CMHC has guaranteed that:

- ◆ the Issuer is and will remain in compliance with all Issuer eligibility requirements provided under [Chapter 3](#) of this Guide
- ◆ all mortgages included in each mortgage loan pool submitted to CMHC or its agent for processing in respect of an issue of securities are, and will be, in compliance with all eligibility requirements under [Chapter 5](#) of this Guide
- ◆ the Issuer is and will remain in compliance with all other conditions, obligations, restrictions and requirements contained in this Guide and as it may be amended from time to time according to the Amendment at the end of this chapter or in any related certificate, agreement, form or other document
- ◆ the Issuer is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation; that the issuance of the securities, the performance by the Issuer of all provisions in this Guide and the consummation of the transactions contemplated hereby have been duly and validly authorized; that this Guide shows the Issuer's valid, binding and enforceable obligations; and that the Issuer has taken all requisite corporate action to make the provisions of this Guide valid and binding upon the Issuer according with its terms



- ◆ there are no actions, suits or proceedings pending (nor, to the knowledge of the Issuer, are any actions, suits or proceedings threatened) against or affecting the Issuer or any of the pooled mortgages that, either individually or in the aggregate, would restrict the Issuer's ability to perform its obligations under this Guide
- ◆ the consummation of the transactions contemplated by this Guide are in the ordinary course of business of the Issuer and will not result in the breach of any term or provision of the charter or by-laws of the Issuer or result in the breach of any term or provision of, or conflict with or constitute a default under or result in the acceleration of any obligation under, any agreement or other instrument to which the Issuer or its property is subject, or result in the violation of any law, rule, regulation, order, judgment or decree to which the Issuer or its property is subject.

CMHC's Representations, Warranties and Obligations to Investors

CMHC in its guarantee appearing on each of the securities issued under this Guide, pursuant to [section 14](#) of the *National Housing Act*, guarantees to the Investors the timely payment of the P & I set forth in that security. The guarantee is subject only to the terms and conditions of that security.

CMHC represents and warrants that it has full power and authority to guarantee timely payment as provided in this Guide and in the Mortgage-Backed Securities issued with that guarantee according to [section 14](#) of the *National Housing Act*. Furthermore the Government is authorized to advance to CMHC such amounts as it considers necessary to enable the Corporation to discharge its obligations under such guarantees.

CMHC represents and warrants that it will not contest or defend against a demand for the timely payment of the amount outlined and provided for in, and unpaid on, any security duly and validly issued under this Guide if it faces any legal action or proceeding or otherwise. CMHC will take this action as long as the payment is sought and claimed by or on behalf of a bona fide Purchaser and Investor of such security without actual notice at the time of purchase of the basis or grounds for contesting or defending against that demand for timely payment.



The securities issued under this Guide will not constitute any liability of, nor indicate any recourse against, the Issuer or any of its assets that the Investors might invoke or institute, except in respect to or against the mortgages pooled. For that purpose, the mortgages include all the principal sums outstanding, interest accruing and other payments or recoveries due or made on such mortgages on and after the date of issue of the securities. All those assets and income after that date belong to the Investors. The Issuer shall pursue all collections and recoveries to be made on these mortgages. The Issuer shall otherwise conform and comply with all the terms and provisions of this Guide, with due diligence and according to the Mortgage Pool Servicing Agreement, [CMHC 2814](#), signed by the Issuer and with generally accepted mortgage servicing practices and with applicable law and standards.

However, CMHC will satisfy any claim of the Investors with respect to any payments provided for in their securities and due under their terms. The Corporation therefore will alone be entitled to claim from the Issuer. The Corporation will be entitled to reimbursement for any sums due to the Investors that it has had to pay as a result of the default of the Issuer and of its necessary performance under the terms of its guarantee given to the Investors.

This section shall inure to the benefit and advantage of all Investors in securities issued under this Guide, subject to and in accordance with the terms and provisions outlined in the Guide. Nothing stated in the Guide will limit or detract from the rights of such Investors outlined and provided for in the securities.

Term of Contract

As between CMHC and each respective Issuer, and with respect to any issuance of securities under this Guide, the contract encompassed in this Guide shall continue in existence and effect until payment in full to the Investors of all amounts owed with respect to the securities or until written consent for cancellation thereof is obtained from all the owners of the securities as may be outstanding and not paid in full, and, in either event, until CMHC has been validly released from all liability and responsibility under this Guide and under all the foregoing securities by reason of its guaranty of such securities or otherwise, and has received or recovered any and all amounts owed to it under the provisions of this Guide.



Notices

Notice, demand, or request to CMHC or any Issuer in any case arising under this Guide, or required by the terms and provisions required by law, will be in writing. They may be served in person or by registered mail with postage prepaid and addressed to the party to whom such notice, demand, or request is directed, as follows:

- ◆ if to any Issuer, at the last address of such Issuer known to CMHC
- ◆ if to CMHC, at the address of the [NHA Mortgage-Backed Securities Centre](#).

Assignment

The contract encompassed in this Guide between CMHC and any Issuer may not be voluntarily assigned or otherwise transferred, in whole or in part, by the Issuer, except as provided in [Transfer of Issuer Responsibility, Chapter 11](#). When assigned or otherwise transferred according to this section, the contract governed by this Guide and all its terms and provisions shall inure to the benefit of and shall be binding upon the successors and assigns of the Issuer.

Amendment

CMHC may amend this Guide from time to time at its sole discretion and without the consent of any Issuer. CMHC will publish notice of any amendment according to procedures established by CMHC. As between CMHC and each Issuer, any such amendment will be effective on the effective date determined by CMHC, as long as such amendment constitutes a minor change that does not substantially increase the obligations of the Issuer or adversely affect the rights of Investors. Where any such amendment would either constitute a change that substantially increases the obligations of Issuers or adversely affects the rights of Investors, CMHC will limit the applicability of such amendment to securities that have an issue date following the effective date of such amendment.



Chapter 13

Default of the Issuer

What's inside...

Events of Default	13-2
CMHC's Rights on Default	13-3

Chapter 13 at a glance

This chapter describes the circumstances under which an Issuer will be considered in default of the terms and conditions of the contract between the Issuer and CMHC as outlined in this Guide. This chapter also describes CMHC's rights and obligations in the event of default.

Events of Default

Each of the following occurrences constitutes an “event of default” as of the time indicated.

If the Issuer fails to make timely payment under a Mortgage-Backed Security. For the purposes of this Guide, failure to make a timely payment on a Mortgage-Backed Security includes, but is not limited to:

- ◆ Any failure by an Issuer to have funds in its Central P & I Account before each scheduled monthly transaction under *Funds to Pay Investors, Chapter 10*. The funds must be in an amount equal to the scheduled debits for the given month. The amount of the scheduled debits for any given month is the total of all P & I payments due Investors for all pools against which the Issuer has issued securities. Default shall be as of the scheduled date of the transaction.
- ◆ Any advance of funds made by CMHC (or by the CPTA on behalf of CMHC) to pay any portion of any required monthly P & I payments to Investors, whether or not the Issuer requests that such advance be made. Default shall be as of the date of such advance.

Any failure by an Issuer in any month to report accurate monthly accounting data on a timely basis for any pool backing securities of the Issuer. Default shall be as of the date of written notice consequently given to the Issuer by CMHC.

Any impending or actual insolvency on the part of the Issuer as shown by but not limited to:

- ◆ the start of a dissolution proceeding or a case in bankruptcy involving the Issuer
- ◆ the appointment of a trustee or other similar court officer, or the taking of control or possession by such officer of the Issuer’s business, in whole or in part, before the start of a dissolution proceeding or a case in bankruptcy
- ◆ a general assignment by the Issuer for the benefit of any of its creditors
- ◆ the general failure, the inability or the written admission of the Issuer’s inability to pay its debts as they become due, or
- ◆ the failure of the Issuer to meet CMHC’s [minimum net worth requirements](#).



Default shall be as of the date of occurrence without prior notice given to the Issuer by CMHC.

Any other change in the business status of an Issuer, which is considered by CMHC to materially adversely affect the liability or rights of CMHC under the terms of this Guide. Default shall be as of the date of written notice thereof given to the Issuer by CMHC.

Any failure by an Issuer to meet any of the other terms and provisions of this Guide, as it is in effect on the Issue Date of the securities or as amended according to the [amendment section](#) in Chapter 12, shall result in default if such failure continues for 30 days after the date of written notice given to the Issuer by CMHC.

CMHC's Rights on Default

All rights and remedies of CMHC provided below or elsewhere in this Guide, or otherwise provided by law, are cumulative following default. No delay or omission by CMHC in insisting on the strict performance of any provisions of this Guide or any ancillary documents, or in exercising any right or remedy, will be construed as a waiver or relinquishment of its rights. If any default occurs with respect to any Issuer, CMHC may exercise any of the following remedies or any combination thereof with respect to the Issuer.

When a default occurs

- ◆ Unless CMHC at its discretion determines that such course of action is precluded by circumstances, CMHC may, but shall not be obligated to, confer with the Issuer about remedying and correcting the default. Any arrangement mutually agreed upon will be set out and signed by CMHC and the Issuer in written contractual form and will supplement the existing contract.
- ◆ CMHC may enforce the assignments to CMHC of the mortgages included in all the mortgage loan pools backing the securities issued by the Issuer by deciding that any contractual right, title or other interest of the Issuer in the said mortgages are extinguished. CMHC may do this without prior notice to the Issuer. These mortgages will consequently be absolutely owned by and solely under the control of CMHC, subject only to the rights of the Investors. CMHC does not require any further action to take these steps.
- ◆ If CMHC takes the action described above, it will refuse further approvals to the Issuer to issue securities for a period of at least three years from the date of default. CMHC shall also suspend and revoke any approvals to issue securities given to the Issuer before default.



- ◆ Regardless of whether any action is taken as described in this section, CMHC will be entitled to reimbursement from the Issuer upon demand for the amount of any advances (as described in this section). As well, if the Issuer fails to have sufficient “same day funds” in its Central P & I Account on the date required under *Funds to Pay Investors*, Chapter 10, CMHC will be entitled to interest on the amount of any such shortfall, from such date through the date such amount is reimbursed to CMHC, at the Bank of Canada rate plus three percentage points.
- ◆ Subject to an existing agreement with the Office of the Superintendent of Financial Institutions, CMHC will return to the defaulting Issuer the excess servicing spread less a reasonable minimum spread to be determined by CMHC from time to time. CMHC will inform the Federal and Provincial Financial Regulators of this amount. The excess servicing spread is determined by deducting a reasonable minimum servicing fee from the gross spread on the pools. This will apply only in those cases where CMHC has intervened due to an “Event of Default” as described earlier in this Chapter.

When CMHC decides to enforce the assignments

- ◆ All the Issuer’s authority and power will expire with respect to the servicing of mortgage loan pools under the terms of this Guide or any other commitment or agreement between CMHC and the Issuer concerning the securities issued hereunder or the mortgages pooled hereunder or otherwise. The Issuer’s authority to make withdrawals from the related trust accounts and its rights with respect to servicing the mortgages, including the right to collect the servicing fee, shall also terminate and expire without limitation. However, on request by CMHC and consistent with the request, the Issuer will continue for a reasonable time to render CMHC the fullest assistance practicable to further the orderly removal of the Issuer from, and the continuation otherwise of, the servicing of the mortgages and the transactions provided for in the contract. Notwithstanding the above, the Issuer will be entitled to claim reimbursement for any advance made according to *Funds to Pay Investors*, Chapter 10.
- ◆ All authority and power of the Issuer under the terms of this Guide, whether with respect to the securities issued in the contract or the mortgages pooled in the contract or otherwise, shall pass to and be vested in CMHC. Without limitation, CMHC is hereby authorized to execute and deliver, on behalf of the Issuer, as attorney in fact or otherwise, any and all instruments. CMHC is also authorized to perform all other acts incidental, necessary or appropriate to enforce the transfer.



-
- ◆ In all respects, CMHC will be the successor to the Issuer in its capacity as herein provided. CMHC will be subject to all the duties placed on the Issuer by the terms and provisions of the contract. At any time, CMHC may enter into an agreement with an institution approved by CMHC as an eligible Issuer. Under this agreement, the Issuer undertakes and agrees to assume any part or all of such duties. No such agreement will detract from or diminish the responsibilities, duties, or liabilities of CMHC in its capacity as guarantor or otherwise adversely affect the rights of Investors in securities issued under this contract.
 - ◆ Any related contract between the Issuer and any third party will continue in full force and effect unless and until terminated by CMHC. This can be modified only by the removal of the Issuer and substitution of CMHC as outlined in this chapter. At the time of enforcing the assignments, CMHC will have discretion in determining whether and when contracts with any third parties are to be terminated.
 - ◆ CMHC is hereby authorized in such circumstances to prepare, sign and deliver on behalf of and as attorney for the Issuer, assignments and transfers to CMHC of all rights and interests which the Issuer had at the issue date or acquired at a later date in or under any of the documents relating to the mortgages in the pool, including;
 - the mortgage loan insurance policy
 - the report on title relied upon by the originator of the mortgage loan
 - the policy of insurance against fire and other standard insurable perils
 - any other additional security obtained by the Approved Lender in connection with the loan.



Part D – Forms

What's inside...

Distribution and Routing of Forms

Pages D-2 to D-4

CMHC Form No.	Forms and Completion Instructions
2802	Application for Approval as a Mortgage-Backed Securities Issuer
2803	Approved Issuer's Head Office Requisition - Forms
2804	Resolution of Board of Directors
2805	Certificate of Incumbency
2806	Letter Agreement for Issuer's P & I Trust Account
2808	Central Clearing House Debit Authorization
2812	Application and Approval to Issue Mortgage-Backed Securities
2814	Mortgage Pool Servicing Agreement
2816	Certification and Agreement
2820	Custodial Agreement
2822	Release of Security Interest
2824	Schedule of Pooled Mortgages
2830	Schedule of Subscribers and Contractual Agreement
2832	Letter Agreement for Issuer's Tax Trust Account
2834	MBS Information Circular
2834	Circulaire d'information
2835	Mortgage Pool Transfer and Servicing Agreement (Québec)
2836	Mortgage Pools Transfer Agreement
2840	Issuer's Monthly Accounting Report
2841	Power of Attorney

Distribution and Routing of Forms

The chart below details the number of signed originals and copies required by the parties and the sequence in which they flow:

1. [CMHC 2802](#) 2 originals prepared by Issuer; 1 to CMHC, 1 retained by Issuer.
2. [CMHC 2803](#) 1 original prepared by Issuer; fax copy to CMHC Procurement Section at (613)748-2998.
3. [CMHC 2804](#) 3 originals prepared by Issuer; 1 to CMHC, 1 to CPTA, and 1 retained by Issuer.
4. [CMHC 2805](#) 3 originals prepared by Issuer; 1 to CMHC, 1 to CPTA, and 1 retained by Issuer.
5. [CMHC 2806](#) 3 originals prepared by Issuer; 1 to CMHC, 1 to CPTA, and 1 retained by Issuer.
6. [CMHC 2808](#) 3 originals prepared by Issuer; 1 to CMHC, 1 to CPTA, and 1 retained by Issuer.
7. [CMHC 2812](#) 1 original; prepared by Issuer, sent to CMHC, authorized by CMHC and sent back to Issuer. (Faxed copy is acceptable)
8. [CMHC 2814](#) 1 original prepared by Issuer and sent to the Servicer (where applicable) for signing; Servicer returns original to Issuer (where Issuer is not the Servicer); 1 faxed copy acceptable to CMHC, Custodian and CPTA.
9. [CMHC 2816](#) 1 original prepared by Issuer, faxed copy to CMHC and Custodian.
10. [CMHC 2820](#) 2 originals prepared by Custodian and Issuer both of whom sign; 1 retained by Issuer, 1 retained by Custodian who sends 1 copy to CMHC.
11. [CMHC 2822](#) 4 originals prepared by financial institution holding Security Interest in pool of mortgages; forward 1 to CMHC, 1 to Custodian and 1 to Issuer, retaining 1 for itself.

- 12.(a) [CMHC 2824](#) 3 originals are prepared by Issuer and sent to the Custodian for initial certification; Custodian sends 1 original to CMHC, 1 to issuer, and retains 1. A copy is sent to CMHC 5 days prior to the settlement date.
- For all pools over 20 loans, the Issuer forwards an electronic file of mortgage details specified in the CMHC 2824 to the Custodian. An electronic file may also be sent to the Custodian for smaller pools.
- Final certification takes place within 120 days from issue date where copies are sent by the Custodian to the Issuer and CMHC.
- 12.(b) [CMHC 2824](#) When substituting mortgages in a pool, 3 original CMHC 2824's should be sent by the Issuer to the Custodian who sends on 1 original to CMHC and returns 1 signed copy to the Issuer, checking that the substitute mortgage is later entered onto the revised Schedule of Pooled Mortgages.
13. [CMHC 2830](#) 1 original prepared by Issuer; sent to CMHC for approval; copy of the original sent to CPTA by fax; CMHC sends original to the CPTA, then 1 copy is returned to the Issuer by CMHC, and the original is retained by CPTA.
14. [CMHC 2832](#) 1 original prepared by Issuer; sent to sub-contract Servicer (where the Issuer is not the Servicer); returned to Issuer for completion, 1 copy to CMHC, 1 to CPTA, and 1 to sub-contract Servicer. In lieu of a Tax Trust Account an Issuer may elect to provide a letter of credit, payable to CMHC and deposited with the Issuer's Custodian. This requirement is not applicable to 964 & 967 pool types.
15. [CMHC 2834/
SCHL 2834](#) Originals prepared by Issuer; 2 bilingual originals sent to CMHC, 1 bilingual original sent to CPTA, remainder are retained by Issuer and investment dealers.
16. [CMHC 2835](#) 2 originals prepared by Issuer and sent to Custodian, 1 copy retained by the Approved Issuer, and 1 copy forwarded to the NHA MBS Centre, Toronto.

17. [CMHC 2836](#) 2 originals prepared by Issuer and sent to Custodian, 1 copy retained by the Approved Issuer, and 1 copy forwarded to the NHA MBS Centre, Toronto.
18. [CMHC 2840](#) The information collected on the CMHC 2840 is to be forwarded to the CPTA in electronic format in compliance with the edits supplied to the Approved Issuer upon its conditional acceptance by CMHC. A copy of the monthly reports is to be retained by the Issuer.
19. [CMHC 2841](#) Originals prepared and executed by the Approved Issuer with the appropriate number of copies, as described in the following pages, in each land registry or land titles office for all Common Law provinces and territories; 1 copy of each registered Power of Attorney sent to the Custodian, 1 copy to be retained by the Approved Issuer, and 1 copy to be forwarded to the NHA MBS Centre, Toronto.
20. Quebec Assignments 3 originals to be prepared and sent to the Issuer's custodian. If the Issuer wishes to retain an executed assignment, a fourth original should be prepared. When prepared outside the Province of Quebec, the solicitor, CMHC representative and Issuer representative must sign the document at the same place and time.

APPLICATION FOR APPROVAL AS A MORTGAGE-BACKED SECURITIES ISSUER

Fiscal Year End

APPLICATION DETAILS

Originating Office Name, Address, Postal Code	Main Office Name, Address, Postal Code
Name of Individual to Whom Inquiries Should be Directed	Telephone (incl. area code)

The Issuer requests approval as a Mortgage-Backed Securities Issuer and transmits the required materials:

- Resolution of Board of Directors, CMHC 2804
- Certificate of Incumbency, CMHC 2805
- Applicant's annual financial statement for each of the latest three fiscal years
- Applicant's statement of Certified net worth for most recent fiscal year
- Evidence of fidelity insurance coverage
- Central Clearing Housing Debit Authorization, CMHC 2808
- Letter Agreement for Issuer's P & I Trust Account, CMHC 2806
- Articles of Incorporation

CMHC USE ONLY	
<input type="checkbox"/>	Received
<input type="checkbox"/>	Received
<input type="checkbox"/>	Received
<input type="checkbox"/>	Received
<input type="checkbox"/>	Received
<input type="checkbox"/>	Received
<input type="checkbox"/>	Received
<input type="checkbox"/>	Received

HISTORY OF APPLICANT (Use separate sheet)

<p>History of the applicant's business must include, though not be limited to, particulars of its organization, province in which it was incorporated or otherwise organized, other provinces in which it is authorized to do business, description of business operations, other business in which it is engaged besides the origination and servicing of mortgages, and any legal or business affiliations the applicant may have with other persons, partnerships, or corporations which relate to the pooling of mortgages, issuance of securities and/or administration of securities.</p>

NAMES OF KEY EMPLOYEES (Attach résumés) TO BE INVOLVED IN MORTGAGE-BACKED SECURITIES (MBS)

Indicate (*) which individual is in overall charge of day-to-day operations of MBS	
Name	Title
Name	Title
Name	Title

CMHC 2802 8/99

Canada Mortgage and Housing Corporation is subject to the Privacy Act. Individuals have a right of access to CMHC controlled information about themselves.

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Canada

MORTGAGE LOAN OPERATIONS (if applicable)

Volume of origination during the last three years in dollars (millions)			
Year	Single Family Residential	Multi-family	Other
MORTGAGE LOANS SERVICED		NUMBER OF LOANS	AMOUNT OF LOANS \$
For Self			
For Others			

CERTIFICATIONS

The undersigned certifies that:

1. The financial statements submitted to CMHC are complete and accurate statements of the applicant's financial condition.
2. To the best of its knowledge and belief, the information and data contained herein are true and accurate. The undersigned also certifies that it has not been barred from doing business with any agency of the Federal Government. Further, it is the opinion of the undersigned that it has powers and authority sufficient to act as Issuer of NHA Mortgage-Backed Securities.

AGREEMENTS

The undersigned applicant by submitting this application agrees to issue and administer NHA Mortgage-Backed Securities and service mortgage loan pools in accordance with the NHA Mortgage-Backed Securities Guide.

Name of Applicant

Name and Title	Authorized Officer	Date



1999-08-01

**Application for Approval as a Mortgage-Backed Securities Issuer –
CMHC 2802**

Key Employees

Senior Officers dealing with Mortgage-Backed Securities authorized to sign documentation and to be contacted to answer questions or resolve problems.

APPROVED ISSUER'S HEAD OFFICE REQUISITION - FORMS / COMMANDE DE FORMULES PAR LE SIÈGE SOCIAL D'UN ÉMETTEUR AGRÉÉ

Name / Nom / Shipping Address / Adresse d'expédition

CMHC Fax Number / N° de facsimilé SCHL (613) 748-2998
Requisition No. / N° de commande
Date

Quantity Quantité	CMHC No. N° SCHL	Name / Nom	Remarks Remarques
	2802 ENG.	Application for Approval as an MBS Issuer	
	2802 FR.	Demande d'approbation - Émetteur des titres hypothécaires	
	2803	Approved Issuer's Head Office Requisition - Forms Commande de formules par le siège social d'un émetteur agréé	
	2804 ENG.	Resolution of Board of Directors	
	2804 FR.	Résolution du conseil d'administration	
	2805 ENG.	Certificate of Incumbency	
	2805 FR.	Attestation de fonction	
	2806	Letter of Agreement for Issuers Lettre contractuelle relative à un compte de P&I en fiducie - Émetteur	
	2808	Central Clearing House Debit Authorization Autorisation de débit par la chambre de compensation centrale	
	2812	Application for Approval to Issue MBS Demande d'approbation d'une émission de titres et approbation	
	2814	Mortgage Pool Servicing Agreement Contrat d'administration d'un bloc de créances	
	2816	Certification and Agreement Attestation et accord	
	2820 ENG.	Custodial Agreement	
	2820 FR.	Contrat de dépôt	
	2822	Release of Security Interest Cession des intérêts de garantie	
	2824 ENG.	Schedule of Pooled Mortgages	
	2824 FR.	Liste des créances formant le bloc	
	2830	Schedule of Subscribers and Contract Agreements Liste des souscripteurs et entente contractuelle	
	2832	Letter Agreement for Issuer's Tax Trust Account Lettre contractuelle relative à un compte de taxes en fiducie - Émetteur	
	2834	MBS Information Circular Circulaire d'information	
	2835	Mortgage Pool Transfer and Servicing Agreement (Québec) Transfert en bloc de plusieurs créances hypothécaires (Québec)	
	2836	Mortgage Pools Transfer Agreement Accord de transfert de créances hypothécaires réunies en bloc	
	2840 ENG.	Issuer's Monthly Accounting Report	
	2840 FR.	Rapport comptable mensuel de l'émetteur	
	2841 ENG.	Power of Attorney	
	2841 FR.	Procuration	

CMHC/SCHL 2803 8/99

Approved Issuer's Signature / Émetteur agréé signataire



Canada

RESOLUTION OF BOARD OF DIRECTORS

NAME OF ISSUER

RESOLVED THAT THE FOLLOWING OFFICERS AND EMPLOYEES

TITLE OR POSITION

As representative of this corporation be, and each of them is hereby, authorized to sign in the name of and on behalf of this corporation and deliver to Canada Mortgage and Housing Corporation, with respect to the issue by this corporation of mortgage-backed securities to be guaranteed by Canada Mortgage and Housing Corporation, any documents required to: (a) make applications to CMHC in the name of and on behalf of this corporation for Approval to become an Issuer and for CMHC Approval to Issue such mortgage-backed securities by this corporation; (b) enter into contracts with CMHC for the latter's guarantee of mortgage-backed securities issued in accordance with the terms and conditions of Approvals to Issue securities by Canada Mortgage and Housing Corporation to this corporation; (c) segregate mortgages now owned or hereafter acquired by this corporation into pools against which this corporation may issue mortgage-backed securities; (d) enter into any agreement, execute any documents and furnish any information required or deemed necessary or proper by Canada Mortgage and Housing Corporation in connection with any of the foregoing; and (e) bind this corporation by all the terms and conditions set forth in the applicable CMHC Mortgage-Backed Securities Guide;

That the above named officers by, and each is hereby, authorized to affix or endorse the name of this corporation on any cheques representing the proceeds from collections pertaining to mortgage loan pools and to issue any cheques or other instruments issued to pay to Investors their pro rata shares in these proceeds, and to do and perform any and all acts and to execute any and all additional instruments or agreements, from time to time, in the name of and on behalf of this corporation under its corporate seal or otherwise, deemed necessary or proper by the Canada Mortgage and Housing Corporation in connection with the formation of mortgage pools, the issuance of mortgage-backed securities, the guarantee of mortgage-backed securities by Canada Mortgage and Housing Corporation and the discharge of the duties and obligations of this corporation, as Issuer, until the balance outstanding of the last maturing mortgage in any pool is remitted to the registered Investors;

That any contracts or agreements heretofore made with Canada Mortgage and Housing Corporation on behalf of this corporation, and all acts of officers and agents of this corporation in connection with any contracts to be entered into in respect of the guarantee by Canada Mortgage and Housing Corporation of mortgage-backed securities to be issued by this corporation are hereby ratified and confirmed;

That CMHC is authorized to rely upon the aforesaid resolution until receipt by it of written notice thirty (30) days in advance of the effective date of any proposed change therein.

CERTIFICATION

I Hereby Certify that the foregoing is a true and correct copy of a resolution presented to and adopted by the Board of Directors of

at a meeting duly called and held at

on the day of , at which a quorum was present and voted, that such resolution is duly recorded in the minute book of this corporation and has not been revoked nor amended.

In Witness whereof, I have signed my name and affixed the seal of this corporation at

on the day of ,

Secretary



CERTIFICATE OF INCUMBENCY

I, _____, Secretary
of _____ do hereby certify that the
persons whose names appear below are the duly elected or appointed and qualified officers and
employees of _____ and hold the offices and positions
opposite their respective names, and the signatures appearing opposite their respective names are
the actual genuine signatures of such persons respectively:

Name	Title or Position	Signature

IN WITNESS WHEREOF I have signed my name and affixed the seal of
this _____ day of _____, _____.

Secretary

I,
president of
hereby certify that
is the duly elected and qualified secretary of the corporation and that the signature appearing in the
above Certificate is his actual signature.

Dated at _____ this _____ day of _____, _____.

President



1999-08-01

Certificate of Incumbency – CMHC 2805

This document must be witnessed by the Secretary of the Company. This position and signature is then certified by the President of the Company.

LETTER AGREEMENT FOR ISSUER'S P & I TRUST ACCOUNT

Name of Institution (and Branch)	Pool Number
Address and Postal Code	

1

This account is already established for funds relating to other mortgage loan pools under the NHA Mortgage-Backed Securities Program.

This account is newly established for funds relating to the above indicated pool number.

This account is being established as the Issuer's central P & I trust account.

2

You are hereby authorized and requested to establish a trust account. All deposits made in such account shall be subject to withdrawal therefrom signed by the Issuer named below, and shall also be subject to withdrawal therefrom by the Canada Mortgage and Housing Corporation. Except for the Central Payor and Transfer Agent, no other agent or any party shall be authorized to withdraw funds from the account. You are also authorized to pay to Canada Mortgage and Housing Corporation at any time upon its written demand, which need not name a specific amount, the entire amount in such account at the time of such demand.

You are further authorized upon the request of Canada Mortgage and Housing Corporation to refuse to honour any instruments drawn upon such account by the Issuer or any party other than the "Canada Mortgage and Housing Corporation" and to substitute as the name of the aforesaid account "Canada Mortgage and Housing Corporation" for the name of the Issuer. In no instance shall the funds in the Principal and Interest trust account be used to offset any advance of funds which may have been advanced to, or on behalf of, the Issuer by the institution.

The letter is submitted to you in duplicate. Please execute the duplicate copy of the certificate below, acknowledging the existence of such account and the present instructions, so that we may present the copy signed by you to the Canada Mortgage and Housing Corporation.

ISSUER

Name		
Name and Title	Signature of Authorized Officer	Date

The undersigned institution certifies to the Canada Mortgage and Housing Corporation that the account above identified is in existence in this institution under account number _____ and agrees with the Issuer named above and the Canada Mortgage and Housing Corporation to honour instruments drawn on such account in the manner provided in the above letter, subject only to standard notice requirements, but in no event to exceed seven business days. The undersigned institution further agrees upon the request of the Canada Mortgage and Housing Corporation to refuse to honour any instruments drawn upon such account by any party other than the Canada Mortgage and Housing Corporation and to substitute in the name of the aforesaid account "Canada Mortgage and Housing Corporation" for the name of the Issuer. In no instance shall the funds in the Principal and Interest Account be used to offset any advance of funds which may have been made to, or on behalf of, the Issuer by the institution. This institution is a member of the Canadian Payments Association.

INSTITUTION

Name		
Name and Title	Signature of Authorized Officer	Date

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Letter Agreement for Issuer's P & I Trust Account – CMHC 2806

1. Pool Number

Enter the pool number previously assigned by CMHC. Where a pool number has not been assigned, CMHC will complete. For a new account to be established as a Central P & I Trust Account in connection with the Central Clearing House Debit Authorization, CMHC 2808 (at the time of application for CMHC Issuer approval), “various pools” should be inserted in this space.

2. Account Number

Enter the account number for the P & I Trust Account.



CENTRAL CLEARING HOUSE DEBIT AUTHORIZATION

The Central Payor and Transfer Agent (CPTA), as agent for the Issuer and CMHC, is hereby authorized to initiate Central Clearing House debits against the Issuer's central P & I account, at the institution named below, for the purpose of monthly P & I payments to Investors due in connection with all mortgage loan pools for which the Issuer is responsible.

The referenced central P & I account has been established using the standard Letter Agreement for Issuer's P & I Trust Account, CMHC 2806, which is already on file with CMHC, or which accompanies this submission. The account number, shown below, is the same as the account number of the central P & I trust account established with CMHC 2806.

It is understood that only the exact amount for P & I payments due Investors, based on the data reported by the Issuer, shall be charged against this account. If there are any discrepancies in the amount debited from this account, they will be promptly reported to the CPTA. It is also understood that the CPTA will immediately credit, in favor of this account, any amount that was debited over the amount required by the properly reported data.

This authorization will remain in effect until such time as: (a) a change of account is approved by CMHC, or (b) all pools and MBS of the Issuer are terminated.

ISSUER

Name, Address and Postal Code		
Name and Title	Signature of Authorized Officer	Date

- This authorization is in connection with the creation of Central P & I Account
- This authorization is in connection with a change in the Central P & I Account

CENTRAL P & I ACCOUNT

Name, Address and Postal Code of Financial Institution	Account Number
	Financial Institution Central Clearing House Transit Code

CMHC 2808 8/99

Disponible en français



Central Clearing House Debit Authorization – CMHC 2808

1. Check the appropriate box to indicate if the authorization is in connection with the creation or change in the Central P & I Account.

APPLICATION AND APPROVAL TO ISSUE MORTGAGE-BACKED SECURITIES

NHA MORTGAGE-BACKED SECURITIES CENTRE
 CANADA MORTGAGE AND HOUSING CORPORATION
 100 SHEPPARD AVENUE EAST
 SUITE 500
 NORTH YORK ON M2N 6Z1

FAX: (416) 218-3312

- Exclusive Homeowner Loan Pool (964)
- Mixed Loan Pool (965)
- Homeowner Pool No Penalty Interest Payment (PIP) (967)
- Exclusive Multiple Family Loan Pool (966)
- Homeowner Pool with Indemnity (970)
- Exclusive Social Housing Loan Pool (990)

Originating Office Name, Address, Postal Code	Main Office Name, Address, Postal Code
---	--

Name of Individual to Whom Inquiries Should be Directed	Telephone (incl. Area Code)
---	-----------------------------

The Issuer requests approval for an issue of Mortgage-Backed Securities.

Proposed issue date: _____

Proposed settlement date: _____

Proposed term: _____ months

Payment to CMHC for the application fees enclosed:

\$	total aggregate amount of pool applied for
\$	total fee due.

CMHC USE ONLY

Application Fee Received		
Amount	Date	Cashier
	YYYY MM DD	
\$		

CMHC APPROVAL DETAILS

Canada Mortgage and Housing Corporation (CMHC) has considered your application for approval to issue Mortgage-Backed Securities and finds the proposed issue of Mortgage-Backed Securities to be eligible for guarantee under the provisions of Section 14 of the National Housing Act and the NHA MBS Guide. Accordingly, CMHC will guarantee securities and as proof of this, CMHC provides the following Pool Number _____, subject to the following conditions:

1. The securities to be issued shall be in the form prescribed by CMHC. The monthly scheduled instalments for principal and interest shall be paid to Investors whether or not the Issuer collects funds under the pooled mortgages equal to the scheduled instalments.
2. The total face amount of the issue is no more than \$ _____ million. Any request for adjustments in the amount of the securities issuance must conform with the Mortgage-Backed Securities Guide. If the amount of securities issued is less than the approved amount, the approval becomes void as to the excess at the time of the issue of the securities.
3. This approval shall expire six months from the date of CMHC approval.
4. The mortgages pooled under this approval shall meet all of the eligibility requirements set forth in the applicable Mortgage-Backed Securities Guide.
5. The Issuer shall submit to CMHC the exhibits required by and prepared and delivered in accordance with the provisions of the applicable Mortgage-Backed Securities Guide.
6. The formation of the CMHC mortgage pool, the issuance of Mortgage-Backed Securities and the administration of the aforesaid CMHC mortgage pool until the last outstanding mortgage in the pool is repaid or otherwise liquidated and securities are cancelled shall be performed by the Issuer in compliance with the provisions of Section 14 of the National Housing Act, the applicable Mortgage-Backed Securities Guide, and all applicable forms and agreements.
7. The Issuer must meet all of CMHC's eligibility requirements, including net worth requirements, in effect at the time CMHC or its agent makes the securities ready for physical delivery.
8. The following additional condition(s):

ISSUER

Name and Title	
Signature of Authorized Officer	Date

CANADA MORTGAGE AND HOUSING CORPORATION

Name and Title	
Signature of Authorized Officer	Date

CMHC 2812 8/99

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Canada

Application and Approval to Issue Mortgage-Backed Securities – CMHC 2812

1. Check the appropriate boxes to indicate that all the required supportive information/documentation has been submitted.
2. Check the box and enter in the space provided, the “total aggregate amount of the pool applied for” and the “total fee enclosed”. Refer to Fees and Charges Paid by Issuer, Chapter 4 and Adjustments to Approval to Issue, Chapter 6 for the calculation of the Application Fee.
3. **Pool Number**
CMHC will assign a pool number and complete this field. The pool number provided by CMHC must be utilized in all subsequent forms and correspondence.
4. **\$ Amount**
CMHC will complete this field by entering the total face amount of the issue.



MORTGAGE POOL SERVICING AGREEMENT

Pool Number

THE ISSUER

- will serve the mortgages subject to the referenced pool number.
- will not service the mortgages subject to the referenced pool number and has arranged with a sub-contractor Servicer for the servicing of the mortgages.

It is agreed that the mortgages in the pool, described in schedule "A" attached hereto, are to be serviced, whether by the Issuer or by a sub-contractor Servicer, in accordance with the requirements set forth in the NHA Mortgage-Backed Securities Guide. The Issuer agrees to be responsible and liable for servicing the mortgages, including any acts or omissions of any sub-contract Servicer in connection therewith.

ISSUER

Name		
Name and Title	Signature of Authorized Officer	Date

Any servicing agreement between the Issuer and sub-contract Servicer shall be subject to and subordinate to the contractual agreement between the Issuer and CMHC. It is certified that the sub-contract Servicer satisfies the requirements contained in the NHA Mortgage-Backed Securities Guide and will perform only functions that are permitted by the Guide.

SERVICER

Name of Sub-Contract Servicer		
Name and Title	Signature of Authorized Officer	Date

CMHC 2814 8/99

Disponible en français



Canada

CERTIFICATION AND AGREEMENT

Pool Number

CHECK APPROPRIATE BOX

- Any and all security agreements affecting the mortgages in the referenced pool are limited by a duly executed Release of Security Interest, CMHC 2822, which has been delivered by the Issuer to the designated Custodian and which provides that any interest of a secured party in and to the pooled mortgages shall lapse upon or prior to the release (delivery) of securities backed by the referenced pool. Upon the release (delivery) of securities, only the Investors and CMHC will have any interest, other than nominal title, in and to the pooled mortgages.
- No mortgage in the reference pool is now subject to any security agreement between the Issuer and any creditor, and upon the release (delivery) of securities backed by the pool only the Investors and CMHC will have any interest in and to the pooled mortgages.

After the release (delivery) of securities backed by the referenced pool the Issuer agrees that it will not encumber any pooled mortgage by pledge or otherwise.

ISSUER

Name		
Name and Title	Signature of Authorized Officer	Date

CMHC 2816 8/99 Canada Mortgage and Housing Corporation is subject to the *Privacy Act*. Individuals have a right of access to CMHC controlled information about themselves.

Disponible en français



Canada

CUSTODIAL AGREEMENT

NHA Mortgage-Backed Securities Program

Agreement dated this _____ day of _____, _____ by and _____, a _____ (Issuer), and _____, a _____ (Custodian),

WHEREAS the Issuer proposes to issue NHA Mortgage-Backed Securities guaranteed as to timely payment by the Canada Mortgage and Housing Corporation pursuant to Section 14 of the National Housing Act;

WHEREAS these securities will be based on and backed by a pool of mortgages identified in the records of Canada Mortgage and Housing Corporation by CMHC Pool Number _____;

WHEREAS the Custodian is a financial institution authorized to take deposits of valuable documents for safekeeping, and is equipped with secure, fireproof storage facilities, with adequate controls on access to assure the safety and security of the documents, in accordance with customary standards for such storage facilities; and

WHEREAS the parties to this agreement desire to set forth the terms and conditions for the deposit and custody of the documents evidencing and relating to the mortgages to be pooled under contractual agreements associated with the NHA Mortgage-Backed Securities.

THEREFORE, in consideration of the mutual undertakings expressed in this agreement, the parties agree as follows:

I. The Issuer shall originate or acquire and segregate in a pool a number of mortgages that will provide the base and backing for the NHA Mortgage-Backed Securities; all of these mortgage loans shall be insured by CMHC. It is the Issuer's responsibility to provide the documents to the Custodian in a timely manner in accordance with the requirements outlined in Chapter 8 of the NHA MBS Program Guide.

II. The Custodian shall certify that the Issuer has provided the following:

Prior to Initial Certification;

A. A duly authorized Mortgage Pool Transfer and Servicing Agreement, CMHC 2835 (Québec), Mortgage Pools Transfer Agreement, CMHC 2836 (all other provinces and territories) as applicable, in duplicate and a copy of the Registered Powers of Attorney, CMHC 2841 for all applicable Registry and Land Titles Offices. Three (3) Schedules of Pooled Mortgages, CMHC 2824 listing all the loans in the pool, duly completed and signed by an authorized officer of the Issuer, are to be provided for each pool of mortgages. With the exception of Portfolio insured loans the Issuer has provided the Custodian with the CMHC insured loan account numbers for each pooled loan.

Prior to Final Certification;

B. Within 120 days of the mortgage pool issue date, CMHC insured loan account numbers for all pooled mortgages including portfolio insured loans. Registerable assignments of the pooled mortgages in the form prescribed by CMHC to CMHC for loans originated in the Province of Quebec. Copies of documentation to show chain of title where the loan is originated by a lender other than the Issuer. For Quebec registerable assignments executed outside the province of Quebec, original and photocopies of the current proof of good standing from the Bar or Law Society.

C. An executed original Certification and Agreement, CMHC 2816 signed by an officer of the Issuer stating that: Release(s) of Security Interest, CMHC 2822 delivered by the Issuer to the Custodian comprise(s) all and any security agreements affecting any and all mortgages in this pool; or that other than the assignment to CMHC, there are and will be no security agreements affecting any mortgages in this pool.

D. An executed original Release of Security Interest, CMHC 2822 executed by any and all secured institution(s) relating to any and all mortgages included in the above-identified pool of mortgages. (If there are no such security interests, this submission is not required, and the fact shall be noted on Certification and Agreement, CMHC 2816.)

E. Photocopies of any document evidencing additional security held by the Issuer.

- F. A complete photocopy of the duplicate registered mortgage (DRM) loan document bearing a certificate of registration or a photocopy of the one or two individual pages of the DRM document bearing the legal description of the property and the registration certificate.
- III. (A) When the documents required in section A of clause II above have been received, the Custodian shall make its initial certification on the Schedule of Pooled Mortgages, CMHC 2824, forward that document to CMHC and shall sign a copy and deliver it to the Issuer.
- (B) Within the specified time frame (see Section 8.3 (B) of the NHA MBS Program Guide) from the date of issue of the securities, all the documents described in clause II above shall be delivered to the Custodian by the Issuer. The Custodian shall review each mortgage file appearing on the CMHC 2824 in accordance with CMHC's documentation requirements in the NHA MBS Program Guide. The Custodian shall notify the Issuer within 15 days of receipt of any incomplete, inconsistent or missing documents and the Issuer shall deposit such missing documents or complete or correct the documents on file. The Custodian shall provide CMHC with a monthly status report for outstanding certifications. At the request of the Issuer, and upon payment of the required fee, the Custodian shall provide the Issuer with a monthly status report of outstanding certifications and other custodial information as agreed to.
- (C) The Custodian shall make its final certification on a copy of the Schedule of Pooled Mortgages, CMHC 2824, and shall forward that document to CMHC either itself or through the Issuer, and shall sign a copy and deliver it to the Issuer.
- (D) The Custodian shall segregate and maintain continuous custody and control of all documents deposited with it on behalf of CMHC until the mortgages are paid in full, subject to clause IV hereof. It shall hold the documents in secure and fireproof facilities, in accordance with customary standards for such storage.
- (E) The Custodian agrees that all documentation delivered to it by the Issuer and held in safekeeping on behalf of CMHC in accordance with the provisions of this agreement and all information concerning the affairs of the mortgagors under the mortgages comprising the mortgage pool are confidential and not to be used for its own purposes.
- (F) Any additional security held on behalf of NHA MBS or CMHC (see Section 8.3 (B) of the NHA MBS Program Guide) must be lodged with the Custodian.
- IV. The Custodian shall release to the Issuer the appropriate documents other than the assignments to CMHC, required by the Issuer from time to time in connection with the servicing of mortgages. The Custodian may rely on the Issuer's statement pertaining to the reason for requesting a document file. The Custodian shall further release the appropriate documents subsequent to the presentation by the Issuer of the CMHC 2840 when liquidated/matured mortgages are reported. The appropriate documents will be released after the corresponding payment date for the reporting period. Documents for matured mortgages will be released by the Custodian concurrently with the release of documents for liquidated mortgages. Prior to releasing the documents for purposes other than liquidations the Custodian must receive a written request from the Issuer for the release, the request is to be retained by the Custodian.
- V. At any reasonable time, the Custodian shall make available for examination and audit by representatives of the Issuer or CMHC all documents in its custody, as well as the accounts and records pertaining to the mortgage pool.
- VI. (A) Upon representation to the Custodian by CMHC that a default has occurred under the Contractual Agreement between the Issuer and CMHC, the Custodian shall comply with such requirements as Canada Mortgage and Housing Corporation shall make, such compliance including, but not necessarily being limited to, the delivery to CMHC or its designee of all loan documents, in the Custodian's custody. The Custodian shall prepare and provide CMHC with status reports as may be required in conjunction with a default under the Contractual Agreement.
- (B) If, following such a default, CMHC elects to assume or transfer to a Servicer the duties and obligations of the Issuer and elects to continue the Custodial Agreement, the Custodian agrees to continue its obligations herein to CMHC for a reasonable time on the same terms and conditions as set forth in the Agreement, provided that in no event shall CMHC be obligated to pay any compensation or fee for the holding or release of any documents pertaining to any loan or loans, during such reasonable period. If, however, CMHC elects to terminate such agreement, the Custodian shall comply with the provisions of this election and requests of CMHC. For such purposes CMHC will be the assignee of this contract as of the date it elects to avail itself of the provisions of this clause VI.
- VII. Consideration for services to be performed by the Custodian under this Agreement shall be as per the attached fee schedule.
- VIII. The Custodian agrees to be bound by the provisions of Chapter 8 of the NHA Mortgage-Backed Securities Program Guide. 1
- IX. This agreement shall terminate as provided for in the NHA Mortgage-Backed Securities Program Guide.
- (A) Upon the maturity or termination of the mortgage pool to which it relates, following the release of all documents held by the Custodian; or
- (B) Subject to the prior written approval of CMHC, and on such terms and conditions as CMHC may require:
- (i) On mutual consent of the Issuer and Custodian;
 - (ii) Upon the transfer of Issuer responsibility to another Issuer; or
 - (iii) Upon the transfer of custodial responsibility to a substitute custodian.

IN WITNESS WHEREOF the parties duly executed this Agreement on the date reflected above:

WITNESS
(Name and Signature)

ISSUER

(Name)

(Signature)

WITNESS
(Name and Signature)

CUSTODIAN

(Name)

(Signature)

(Name)

(Signature)

Custodial Agreement – CMHC 2820

1. Consideration

Enter the amount of consideration, (i.e. \$1) and other good and valuable consideration such as the monthly or annual fee charged by the Custodian.



RELEASE OF SECURITY INTEREST

Pool Number

The person or institution indicated below hereby relinquishes in favour of CMHC any and all interest or right it has in or to the mortgage loans identified in the Schedule of Pooled Mortgages, CMHC 2824, relating to the pool number indicated above backing the mortgage-backed securities to be issued and guaranteed under the NHA Mortgage-Backed Securities Program. The lending (or other financing) institution further undertakes to sign any other document upon presentation so as to give full effect to this relinquishment. This document will have its full effect no later than the date of issue specified in, and with respect to all the mortgages identified, the Schedule of Pooled Mortgages, CMHC 2824, relating to those securities, signed by the Issuer and dated:

Name, Address and Postal Code of Lending (or Other Financing) Institution

Name and Title

Signature of Authorized Officer

Date

One or more releases per pool are required to be held by the Custodian to the extent necessary to encompass all mortgages in the pool.

CMHC 2822 8/99

Canada Mortgage and Housing Corporation is subject to the *Privacy Act*. Individuals have a right of access to CMHC controlled information about themselves.

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Canada

1999-08-01

Release of Security Interest – CMHC 2822

The Release must be signed and authorized by the financial institution relinquishing its interest to CMHC. In every instance (where applicable) this will be a financial institution other than the Issuer.



Canada

SCHEDULE OF POOLED MORTGAGES

INSTRUCTIONS: See reverse side

2 NEW ISSUE

1 SUBSTITUTION

PAGE _____ OF _____

Name of Issuer	Date of Security Issue	Pool Maturity Date	Pool Number	Interest Rate of Mortgages		Weighted Average Interest Rate	Total Number of Mortgage Loans
				Highest _____ %	Lowest _____ %		
				Weighted Average Amortization Period _____ Months		_____ %	

ISSUER'S LOAN NUMBER	NAME OF MORTGAGOR(S)	ADDRESS OF MORTGAGE PROPERTY	CMHC ACCOUNT NUMBER	THIS TERM				REMAINING AMORTIZATION PERIOD MONTHS	UNPAID BALANCE AS OF 1ST, (DATE OF ISSUE/SUBSTITUTION)
				PRINCIPAL BALANCE OF SECURITY	INTEREST RATE	INTEREST ADJUSTMENT DATE	DATE LAST PAYMENT DUE		

TOTAL

ISSUER'S CERTIFICATION

I hereby certify that the information contained herein is true and accurate to the best of my knowledge and belief.

Name and Title _____

Signature of Authorized Officer _____ | Date _____

TYPE(S) OF MORTGAGES IN THE POOL:

- Exclusive Homeowner Loan Pool (964)
- Mixed Loan Pool (965)
- Exclusive Multiple Family Loan Pool (966)
- Homeowner Pool No Penalty Interest Payment (PIP) (967)
- Homeowner Pool with Indemnity (970)
- Exclusive Social Housing Loan Pool (990)



SCHEDULE OF POOLED MORTGAGES - CMHC 2824

INSTRUCTION FOR CUSTODIAN

1. The Custodian will review each mortgage file to determine that all required documents have been properly executed and received and that such documents relate to the mortgages identified on the front of this form.
2. Upon completion of each examination, an authorized official of the Custodian will sign the original and the required copies of this form in the space provided and forward the original to CMHC and a signed copy to the Issuer.

3. INITIAL CERTIFICATION

CUSTODIAN'S CERTIFICATION

All the documents identified in Initial Certification, Chapter 8 of the Program Guide pertaining to the mortgages listed on the front of this form have been received and have been determined to satisfy the requirements of the NHA Mortgage-Backed Securities Guide.

DATE OF CERTIFICATION _____

NOTARIZATION

PLEASE TYPE (Except for signature)

Name and Complete Address of Custodian	
	Postal Code
Name and Title	
Signature of Authorized Officer	Date

4. FINAL CERTIFICATION

The documents listed in Final Certification, Chapter 8 of the Program Guide must be made part of each mortgage file within the specified time frames provided under Final Certification, Chapter 8.

CUSTODIAN'S CERTIFICATION

All of the documents identified in Final Certification, Chapter 8 of the Program Guide pertaining to the mortgages listed on the front of this form have been received and have been determined to satisfy the requirements of the NHA Mortgage-Backed Securities Guide.

DATE OF CERTIFICATION _____

NOTARIZATION

PLEASE TYPE (Except for signature)

Name and Complete Address of Custodian	
	Postal Code
Name and Title	
Signature of Authorized Officer	Date



Schedule of Pooled Mortgages – CMHC 2824

1. Weighted Average Interest Rate

The rate is calculated by:

- a. dividing the outstanding amount of each loan by the total outstanding amount of all the loans in the pool;
- b. multiplying the result obtained in a. for each loan by the annual interest rate for that loan;
- c. adding together the results obtained in b. for all loans.

2. Weighted Average Amortization Period

The period is calculated by:

- a. dividing the outstanding amount of each loan by the total outstanding of all the loans in the pool;
- b. multiplying the result obtained in a. for each loan by the amortization period for that loan. The amortization period should be expressed in months;
- c. adding together the results obtained in b. for all loans. This is the weighted average amortization period. The period must be recalculated whenever there is an additional principal payment, a liquidation or a substitution.

3. Unpaid Balance as of _____ 1st, _____

Insert the month in the first space and the year in the second space. The entry would then read for example, November 1st 1985. The initial unpaid balance of a pool is that balance remaining after all principal payments scheduled for payment on the first day of the month of issue have been credited. That day is the date of issue.



SCHEDULE OF SUBSCRIBERS AND CONTRACTUAL AGREEMENT

This form authorizes the issuance of securities under the NHA Mortgage-Backed Securities Program and establishes the contract between the Issuer and CMHC under the NHA Mortgage-Backed Securities Program. Authorization: CMHC is instructed to prepare and deliver the securities to be issued by the undersigned under the terms of the CMHC commitment identified below in conformity with the information provided in this form. The Issuer, by executing this form and CMHC, by approving the proposed issue, agree as follows: (1) the Issuer and CMHC contract for the issuance and guarantee of securities backed by the mortgages listed on the attached Schedule of Pooled Mortgages, CMHC 2824, which form is incorporated herein by reference; (2) the Issuer and CMHC incorporate into this agreement by reference all of the terms and conditions of the NHA Mortgage-Backed Securities Program Guide ("The Guide") in effect as of the issue date specified below, (the Issuer acknowledges that it has received the complete text of the Guide); (3) pursuant to section 7.8 of the Guide, the Issuer transfers, assigns, sets over and otherwise conveys to CMHC all of the Issuer's right, title and interest in and to the pooled mortgages identified and described in the CMHC 2824. Such transfer shall be effective as of the date and time of delivery (release) of the securities by the CPTA but shall include all interest, principal and other payments made on or with respect to such mortgages on and after the effective date of this Agreement; (4) the Issuer upon presentation of this Agreement to CMHC undertakes to perform in accordance with its terms and conditions and agrees that CMHC will be under no obligation to authorize the Central Payor and Transfer Agent to issue the Securities and CMHC's guarantee until all those terms and conditions have been fulfilled.

Name and Address of Issuer	Pool Number	CUSIP Number	Original Aggregate Amount of Pool at MBS Issue Date		
	Issue Date	Initial Payment Date	Security Rate	Securities Maturity Date	Term of Security (months)

Name of Subscribers	Mailing Address and Postal Code	No. of Securities	Denominations	TOTAL SUBSCRIBED	CPTA USE ONLY CERTIFICATE NOS.
		TOTAL →		TOTAL →	

DELIVERY INSTRUCTIONS

Pick-up at Mail to (Issuer at Above Address)

Name of individual or organization authorized to take delivery _____ Specify date for delivery certificates _____

Name and Title _____

Authorized Officer of Issuer _____ Date _____

CMHC USE ONLY

Guaranty Fee Received			CANADA MORTGAGE AND HOUSING CORPORATION	
Amount	Date	Cashier	Name and Title	
\$			Authorized Officer _____ Date _____	



Schedule of Subscribers and Contractual Agreement – CMHC 2830

1. **Number of Securities**

Enter the number of securities to be issued. If securities are to be issued to a subscriber(s) in different denominations, state the number of securities for each denomination.

2. **Denominations**

Enter the denomination of each security to be issued. The face amount of any security shall not be less than \$5,000 and shall be in multiples of \$5,000, except for any odd amount necessary to bring the total amount of securities in agreement with the aggregate outstanding principal balance of the mortgages comprising the pool.

3. **Specify Date for CMHC Delivery of Certificates**

Indicate the date of delivery of securities by the CPTA to the Issuer or representative.



LETTER AGREEMENT FOR ISSUER'S TAX TRUST ACCOUNT

A

In respect of NHA Mortgage-Backed Securities pool number _____ ; - where taxes are collected on the underlying loans: <input type="checkbox"/> This account is established for funds relating to the above indicated CMHC pool number, (complete Part B) or; <input type="checkbox"/> Alternate security acceptable to CMHC is attached (omit Part B): - where taxes are not collected on the underlying loans: <input type="checkbox"/> Taxes are not collected for the loans relating to the above indicated pool number (omit Part B).			
Name of Sub-contract Servicer (if applicable)		Name of Issuer	
Name and Title		Name and Title	
Signature of Authorized Officer	Date	Signature of Authorized Officer	Date

B

Name of Institution (and Branch) where trust account is to be maintained		
Street		
City	Province	Postal code
<p>The ISSUER (or SUB-CONTRACT SERVICER if applicable) identified in Part A hereby requests that the herein named Institution establishes, and authorizes said institution to establish a tax trust account to be specifically designated as Trustee of Issuer's Tax Trust Account for Mortgages, NHA Mortgage-Backed Securities for pools including the pool number indicated above. All deposits made in such account shall be subject to withdrawal therefrom signed by the Issuer named in Part A, or by the sub-contract Servicer named in Part A, and shall also be subject to withdrawal therefrom by Canada Mortgage and Housing Corporation. No other agent of the Issuer except the named sub-contract Servicer shall be authorized to withdraw funds from the account. You are also authorized to pay Canada Mortgage and Housing Corporation at any time upon its written demand, which need not name a specific amount, the entire amount in such account at the time of such demand.</p> <p>You are further authorized upon the request of the Canada Mortgage and Housing Corporation to refuse to honour any instruments drawn upon such account by parties other than the Canada Mortgage and Housing Corporation and to change the name of the aforesaid account to Canada Mortgage and Housing Corporation. In no circumstance shall the funds in the Tax Account be used to offset funds which may have been advanced to, or on behalf of, the Issuer by the financial institution.</p> <p>This letter is submitted to you in duplicate. Please execute the duplicate copy of the certificate below, acknowledging the existence of such account, so that we may present the copy signed by you to CMHC or its agent.</p> <p>The undersigned institution certifies to the Canada Mortgage and Housing Corporation that the account identified is in existence in this institution under account number _____, and agrees with the Issuer named in Part A and the Canada Mortgage and Housing Corporation to honour instruments drawn on such account in the manner provided in the above letter, subject only to notice requirements contained in applicable regulations, but in no event to exceed seven business days. The undersigned institution further agrees upon the request of the Canada Mortgage and Housing Corporation to refuse to honour any instruments drawn upon such account by parties other than the Canada Mortgage and Housing Corporation and to change the name of the aforesaid accounts to "Canada Mortgage and Housing Corporation". In no instance shall the funds in the Tax Account be used to offset funds which may have been advanced to, or on behalf of, the Issuer by the Custodian institution. Institutions appearing herein should also be members of the Canadian Payments Association.</p>		
Name of Institution		
Name and Title		
Signature of Authorized Officer		Date

CMHC 2832 8/99

Disponible en français



Canada

Letter Agreement for Issuer's Tax Trust Account – CMHC 2832

1. Where the Issuer is providing alternate security acceptable to CMHC, the amount of the required security must be at least equal to 50% of the estimated annual property taxes for the loans on which taxes are collected within the pool. The calculation of the above figure should be attached to a completed CMHC 2832. In lieu of a Tax Trust Account an Issuer may elect to provide a letter of credit, payable to CMHC and deposited with the Issuer's custodian.



MBS INFORMATION CIRCULAR

\$



Aggregate Principal Amount

% Mortgage-Backed Securities

Fully Guaranteed as to Principal and Interest by

Canada Mortgage and Housing Corporation

Issued by

POOL NO.:	FIRST PAYMENT DUE:
ISSUE DATE:	MATURITY DATE:
SETTLEMENT DATE:	FINAL PAYMENT DUE:

The above information as well as the information in the attached addendum, has been provided by the Issuer. Canada Mortgage and Housing Corporation (CMHC) has prepared the balance of the information contained in this Mortgage-Backed Securities (MBS) Information Circular.

The securities to be issued evidence ownership rights of undivided shares of a mortgage pool. At the date of issue of the certificates, the mortgage loans in the mortgage pool (and accessory rights) will have been assigned to CMHC which will hold them for the benefit of the Investors. The securities provide for the timely payment to the registered Investors of interest at the above rate plus all principal (both scheduled and unscheduled) repaid each month on the mortgages underlying the pool. Interest on MBS's is calculated semi-annually and accrues from the first of each month. The interest is paid monthly in arrears and the MBS payments of interest and principal (adjustable) will commence on the 15th day of the month following the month of issue and will continue on the 15th day of every month thereafter over the life of the certificates (please refer to the section "Payments of Principal and Interest" below), whether or not such principal and interest has been collected by the Issuer.

Canada Mortgage and Housing Corporation

The Canadian Parliament, in 1946, passed a statute which "established a corporation to be called the "Canada Mortgage and Housing Corporation" consisting of the Minister and those persons who compose the Board of Directors" (section 3, *Canada Mortgage and Housing Corporation Act, chapter C-7 of the Revised Statutes of Canada, 1985*). The Directors and the principal executive officers of CMHC, as that Crown Corporation has become known, are all appointed by Order of the Government and its affairs are and business is conducted within the framework of Canada's *Financial Administration Act, R.S.C. 1985, C. F-11, as amended*.

Disponible en français



Since then, CMHC has been an important financial agent of the Canadian Government in the housing sector from coast to coast. Through its network of offices, it has insured mortgage loans made by private lenders since 1954.

In 1984, the *National Housing Act (NHA)* was amended by Parliament to authorize a new activity intended to facilitate the financing of housing in Canada. To assist the development of a mature secondary mortgage market and to facilitate the return of longer term mortgages, this new Part of the *National Housing Act* provides "Guarantees of Securities Based on Insured Loans". The statutory authority for its issue and the provisions of the guarantee are set out as follows on each certificate issued under the provisions of the *National Housing Act* of Canada.

NHA Guarantee of Timely Payment

CMHC guarantees the timely payment on their due dates of principal and interest as set forth in the certificate even if the corresponding amounts have not been paid and collected in respect of the pool, in accordance with the terms and conditions of the certificate, pursuant to the powers given to it by the *National Housing Act*. The *National Housing Act*, Chapter N-11 of the *Revised Statutes of Canada*, 1985, as amended, contains the following:

Section 4

"Every right or obligation acquired or incurred by the Corporation under this Act, whether in its name or in the name of Her Majesty, is a right or obligation of Her Majesty."

Section 14

The Corporation may guarantee payment of any or all principal or interest, or both, in respect of securities issued on the basis of housing loans.

Eligibility

MBS, with timely payment guaranteed by CMHC, are eligible investments under the usual insurance companies, loan companies, trust companies, and pension statutes as well as for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and revoked plans under the *Income Tax Act (Canada)*.

Composition of Mortgage Pool

All mortgages of the pool serving as the base and backing of these certificates are equal payment mortgages insured by the Canada Mortgage and Housing Corporation. The term "mortgage", as used herein, includes both a debt and the mortgage or deed by which it is secured. Each mortgage has a date for the first scheduled monthly payment that is not more than 2 years prior to the Issue Date of the certificate. Each mortgage bears a fixed interest rate and provides for scheduled payments which are fully amortizing over their respective amortization periods. These scheduled payments occur at least once a month. The weighted average of such amortization periods is shown on the attached addendum to this Information Circular.

Central Payor and Transfer Agent

All certificates will provide for payments to Investors to be made through a Central Payor and Transfer Agent (CPTA) which has been duly authorized to act as such on behalf of each respective Issuer. Montreal Trust has been designated as the CPTA for the *NHA* Mortgage-Backed Securities Program. Inquiries directed to Montreal Trust in this capacity should be addressed to Corporate Trust Services, 151 Front Street West, Suite 605, Toronto, Ontario, M5J 2N1.

Payments of Principal and Interest

Principal and interest shall be remitted on the securities in monthly payments on the 15th day of each month or, should the 14th or 15th day of a month fall on a weekend or statutory holiday, on the 2nd business day following the 14th (the "Payment Date"). The first such payment will be remitted on the Payment Date during the month following the month of issue. Thus, the first payment will usually be remitted 45 days after the Issue Date.

Interest at the stated rate shall be paid each month for the preceding month, on the unpaid portion of the principal of the certificates at the end of the preceding month. The amount of principal due on the certificates each month shall be in an amount equal to the scheduled principal amount due on the pooled mortgages. However, payment of principal and interest shall be adjustable as set forth below.

Each of the monthly payments of principal shall be subject to adjustments by reason of any prepayment penalties and additional principal payments or other early or unscheduled recoveries of principal on the pooled mortgages during the preceding month. A summary of the prepayment privileges accorded the mortgagors whose mortgages serve as the base and backing of this pool may be found in the addendum to this Information Circular. In any event, the monthly payments shall be not less than the interest due on the certificates at the rate specified thereon, together with any scheduled payments of principal during such month, whether or not collected from the mortgagors, as well as any additional principal payments or early recovery of principal during the preceding month and all prepayment penalties due thereon. The remaining principal outstanding on the mortgages will be paid out over the final 6 months of the term of the MBS as the mortgages in the pool mature. The final payment of interest will be remitted on the Payment Date of the month of maturity. No interest will accrue or be payable for the period of time between the maturity date and the final Payment Date. The final payment of principal shall be remitted only upon surrender of the outstanding certificate.

Monthly payments to be remitted on all of the certificates relating to the pool specified herein shall be apportioned to the Investors in the proportion that the initial principal amount of each certificate bears to the initial aggregate principal amount of the pool. Payments will be remitted by the CPTA out of funds collected from the Issuer, or, if any Issuer fails to provide all required funds, out of funds advanced by CMHC.

Each monthly payment on a certificate will be remitted to the Investor in whose name the certificate is registered on the last day of the month immediately preceding the month in which the payment is due. Payments will be remitted on the Payment Dates. The CPTA may make a single payment by cheque (or otherwise consolidate payments) to each Investor for payments due under all certificates which the Investor owns in any one pool. In addition, upon an Investor's request and after the submission of appropriate documentation, the CPTA may effect remittance of the payments due by means of an Electronic Funds Transfer to the Bank or Trust account of the Investor's choice.

Report to Investors

The CPTA will submit to each registered certificate owner a monthly statement of principal and interest payable currently on the certificate. The statement will also show the outstanding principal balance after crediting the current principal payment, and other pertinent information. If an Investor owns more than one certificate or owns certificates in more than one MBS issue, such information will be provided on a certificate-by-certificate basis or on an issue-by-issue basis, as applicable. The accounts and records of the Issuer relating to the pooled mortgages shall be maintained in accordance with normal accounting practices and in a manner that will permit CMHC to examine and audit such accounts and records at any reasonable time.

Denominations and Transferability of Certificates

The minimum authorized denomination of the certificates offered hereby is \$5,000. All securities will be issued in multiples of \$5,000, except for one certificate in each pool which may be in an odd amount as is necessary to reach the initial aggregate principal amount of the MBS issue.

Each certificate is freely and fully transferable and assignable, but only on the Certificate Register maintained by the CPTA. The Investor or its duly authorized representative may transfer ownership or obtain the denominational exchange of a certificate on the Certificate Register upon surrender of the certificate to the CPTA. The certificate must be endorsed by the Investor using the form of assignment on the reverse thereof, or any other written instrument of assignments acceptable to the CPTA. A service charge will be imposed for any registration of a change of owner or a denominational exchange of a certificate, and payment sufficient to cover any tax or governmental charge in connection therewith may also be required.

Servicing of Mortgage Pool

Under contractual arrangements between the Issuer and CMHC, the Issuer is responsible for servicing and otherwise administering the mortgages which constitute the pool in accordance with generally accepted practices of the mortgage lending industry.

The monthly remuneration of the Issuer, for its servicing and administrative function, will be the excess of interest at the stated interest rates on the mortgage(s) over the interest at the stated rate on the certificates. That amount shall be withheld by the Issuer out of interest payments collected on the mortgages. Each mortgage loan in the pool bears an interest rate at least .5 per cent higher than the stated interest rate on the certificates. Late payment fees and similar charges collected (excluding penalty interest charged for certain unscheduled prepayments of principal as set out in the addendum to this Information Circular) will be retained by the Issuer as additional compensation. Payments due to Investors will not be delayed. The Issuer shall bear all costs and expenses incident to the servicing of the mortgages. These late payments, fees, costs and expenses will not reduce the monthly payments due Investors as described above.

Liability of Issuer

The certificates do not constitute a liability of nor evidence any recourse of the Investors against the Issuer. They are based on and backed by the aggregate principal amount of the mortgages insured under the laws of Canada and recourse may be had to CMHC as provided for in the guarantee forming part of each certificate.

Custodial Agent

The documents pertaining to each of the mortgages included in the pool backing this issuance of securities will be held in custody by a custodian acceptable to CMHC, on behalf of Investors.

Possible Variance of Pool Characteristics

The original pool characteristics of this MBS may be found in the section entitled "Mortgage Pool Profile at Issue Date" provided in the attached addendum to this Information Circular. As this MBS pool matures and/or as the mortgagors effect unscheduled prepayment and/or liquidation of principal, some of the pool characteristics will change. In particular, the weighted average remaining amortization, the weighted average mortgage rate, the weighted average Interest Adjustment Date, the weighted average maturity date, and the pool maturity date may be affected. Investors may receive the full payment of principal of a mortgage loan before the scheduled maturity date, should the mortgaged property become damaged beyond repair, or should the mortgaged loan go into default, warranting legal action which results in the liquidation of that loan from the MBS pool.

Early Termination of Pool

The pool may be terminated at any time prior to the Maturity Date of the outstanding certificates, only if the Issuer and all owners of the outstanding securities based on the pool have entered into a mutually agreeable arrangement for such termination. Upon formal notification with satisfactory evidence that all parties to the termination agreement have agreed, and return of the certificates to the CPTA for cancellation has occurred, the guarantee will be terminated.

Canadian Federal Income Tax Consequences

Based and relying in part upon an advance income tax ruling, dated December 22, 1998, issued by Revenue Canada in respect of NHA MBS issued before January 1, 2000, in the opinion of Osler, Hoskin & Harcourt, special income tax counsel to CMHC, the following constitutes a summary of the principal Canadian federal income tax consequences for Investors holding MBS as capital property within the meaning of the Canadian federal *Income Tax Act* (the "Tax Act"). This summary is based upon the provisions of the Tax Act, the regulations thereunder and Osler, Hoskin & Harcourt's understanding of Revenue Canada's published administrative and assessing policies as of January 1, 1999. It also takes into account specific proposals to amend the Act and the regulations publicly announced by the Canadian federal Minister of Finance prior to January 1, 1999, but there is no certainty that such proposals will be enacted in the form proposed, if at all. This summary does not otherwise take into account or anticipate any changes in law, whether by way of legislative, judicial or governmental action or interpretation, nor does it address any provincial or foreign income tax considerations.

THIS SUMMARY IS OF A GENERAL NATURE ONLY AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR INVESTOR CONCERNING THE CONSEQUENCES OF ACQUIRING, HOLDING OR DISPOSING OF MBS. IN PARTICULAR, INVESTORS WHO DO NOT HOLD MBS AS CAPITAL PROPERTY AND INVESTORS WHO DO NOT DEAL AT ARM'S LENGTH WITH THE ISSUER, AS WELL AS INVESTORS WHO ARE "FINANCIAL INSTITUTIONS" SUBJECT TO SPECIAL PROVISIONS OF THE TAX ACT APPLICABLE TO INCOME, GAIN OR LOSS ARISING FROM SPECIFIED DEBT OBLIGATIONS OR MARK-TO-MARKET PROPERTIES, SHOULD CONSULT THEIR OWN TAX ADVISORS, AS THE FOLLOWING SUMMARY DOES NOT APPLY TO SUCH INVESTORS.

Investors Resident in Canada

The following section of this summary is applicable to an Investor holding MBS who, for purposes of the Tax Act, is at all relevant times a resident of Canada (a "Canadian Investor").

Interest

A Canadian Investor (other than a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary) will be required to include in income for a taxation year any interest on MBS (net of reasonable servicing fees deducted by the Issuer) that becomes receivable or is received by it before the end of the year (depending upon the method regularly followed by the Canadian Investor in computing income), except to the extent that such interest was included in computing the Canadian Investor's income for a preceding taxation year.

A Canadian Investor that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in income for a taxation year any interest on MBS (net of reasonable servicing fees deducted by the Issuer) that accrues to it to the end of the year, or that becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing the Canadian Investor's income for a preceding taxation year.

Dispositions

A Canadian Investor will generally be required to include in computing its income for the taxation year in which a disposition of MBS occurs (or is deemed to occur) the amount of interest that accrues to it to the date of the disposition, except to the extent that such amount has otherwise been included in income.

In general, a disposition of MBS will give rise to a capital gain (a capital loss) equal to the amount by which the proceeds of disposition, net of unpaid accrued interest and any reasonable costs of disposition, exceed (are less than) the Canadian Investor's adjusted cost base of such MBS immediately before the disposition. Three-quarters of any such capital gain (a "taxable capital gain") realized by a Canadian Investor in a taxation year will be included in computing the Canadian Investor's income for the year. Three-quarters of the amount of any capital loss (an "allowable capital loss") realized by a Canadian Investor in a taxation year may be deducted from taxable capital gains realized by the Canadian Investor in the year or against net taxable capital gains realized in any of the three preceding taxation years or in any subsequent taxation year, to the extent and under the circumstances described in the Tax Act.

Additional Refundable Tax

An Investor that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6-2/3% on certain investment income, including interest and taxable capital gains.

Investors Not Resident in Canada

Investors not resident in Canada will not be subject to Canadian non-resident withholding tax on interest. There are no other taxes on income, including capital gains on the disposition of MBS, payable in respect of MBS by an Investor who is neither resident nor deemed resident in Canada at any time during which the MBS are held, and who does not use or hold and is not deemed to use or hold the MBS in or in the course of carrying on a business in Canada and is not otherwise required by or for the purposes of the Tax Act to include an amount in respect of the MBS in computing income from carrying on a business in Canada.

Eligibility of MBS

MBS constitute qualified investments for a registered retirement savings plan, a registered education savings plan, a registered retirement income fund, a deferred profit sharing plan and a revoked plan.

ADDENDUM TO MBS INFORMATION CIRCULAR

ISSUER

%

POOL NO.: _____ FIRST PAYMENT DUE: _____
 ISSUE DATE: _____ MATURITY DATE: _____
 SETTLEMENT DATE: _____ FINAL PAYMENT DUE: _____

Total Number of Mortgages _____

Weighted Average Interest Adjustment Date _____

Weighted Average Maturity Date _____

MORTGAGE POOL PROFILE AT ISSUE DATE

Scheduled Maturity of Mortgages by Months Remaining to MBS Maturity	Remaining Face Value	Weighted Average Mortgage Rate ("WAC")	Weighted Average Remaining Amortization ("RAM")
	(\$)	(%)	(Months)
5 Months	_____	_____	_____
4 Months	_____	_____	_____
3 Months	_____	_____	_____
2 Months	_____	_____	_____
1 Month	_____	_____	_____
Maturity	_____	_____	_____
	_____	_____	_____

DESCRIPTION OF MORTGAGES

NHA portfolio insured mortgages: DOLLAR VALUE \$ _____ % OF LOANS _____

DOLLAR PERCENTAGE PROFILE BY LOAN TYPE

Homeowner: _____% Multiple Family: _____% Social Housing: _____%

RAM DISTRIBUTION IN MONTHS	180 to 209 0 to 29	210 to 239 30 to 59	240 to 269 60 to 89	270 to 299 90 to 119	300 to 329 120 to 149	330 + 150 to 180
REMAINING FACE VALUE	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

CMHC 2834 8/99

CMHC is subject to the *Privacy Act*. Individuals have a right of access to CMHC controlled information about themselves.



LOCATION OF MORTGAGES

<u>Province</u>	<u>No. of Loans</u> (%)	<u>Principal Amount</u> (%)
Newfoundland		
Nova Scotia		
New Brunswick		
P.E.I.		
Quebec		
Ontario		
Manitoba		
Saskatchewan		
Alberta		
British Columbia		
N.W.T.		
Yukon		
	100.0000	100.0000

MORTGAGE POOL PROFILE BY INTEREST ADJUSTMENT DATE

INTEREST ADJUSTMENT DATE
REMAINING FACE VALUE

MORTGAGE RATE BANDS (% BY QUARTILE)	<u>INTEREST ADJUSTMENT DATES</u>					TOTAL - \$	% OF TOTAL
-							
-							
-							
-							
-							
-							
-							
-							
TOTAL - \$							
% OF TOTAL							
WAC %							

CMHC 2834 8/99

CMHC is subject to the *Privacy Act*. Individuals have a right of access to CMHC controlled information about themselves.



For 964 pool types, the full amount of any prepayment penalty or indemnity, disclosed in this addendum must be passed through to the Investor without exception.

For 967 pool types, the full amount of any prepayment penalty or indemnity disclosed in this addendum is retained by the Issuer.

For 970 pool types, prepayment penalties or indemnities paid by mortgagors will be retained by the Issuer if a mortgagor elects to prepay a mortgage pursuant to any of the prepayment privileges set out in the mortgages and summarized in Summary of Prepayment Provisions for Mortgages in the Pool (the "Prepayment Provisions"). In the event that the Issuer permits a mortgage to be prepaid or renegotiated in circumstances other than those permitted under the Prepayment Provisions, the Issuer will pass through to the Investor an indemnity (the "Rate Differential Indemnity") calculated as set out below.

SUMMARY OF PREPAYMENT PROVISIONS FOR MORTGAGES IN THE POOL

CIRCULAIRE D'INFORMATION

--

Montant global de principal : \$

Titres hypothécaires rapportant %

Principal et intérêt entièrement garantis

par la Société canadienne d'hypothèques et de logement

Émis par

N° DU BLOC :

ÉCHÉANCE DU 1^{ER} PAIEMENT :

DATE D'ÉMISSION :

DATE D'ÉCHÉANCE DES TITRES :

DATE DE RÈGLEMENT :

ÉCHÉANCE DU DERNIER PAIEMENT :

Les renseignements ci-dessus, de même que ceux figurant dans l'addendum ci-joint, ont été fournis par l'émetteur, mais les autres informations contenues dans la présente circulaire proviennent de la Société canadienne d'hypothèques et de logement (SCHL).

Les titres qui seront émis attestent des droits indivis de propriété de leurs détenteurs dans un bloc de créances hypothécaires. Au moment de l'émission des certificats, les créances formant le bloc (et les droits connexes) auront déjà été cédés à la SCHL qui les détiendra en faveur des investisseurs. Ces titres prévoient le paiement ponctuel, aux investisseurs inscrits, d'intérêts au taux susmentionné et de tout montant de principal (tant prévu qu'imprévu) remboursé mensuellement sur les créances hypothécaires fondant le bloc. L'intérêt des titres est calculé semestriellement, court à partir du premier du mois et est payé mensuellement, à terme échu. Les paiements d'intérêt et de principal (susceptibles de redressement) commenceront le 15^e jour du mois qui suivra le mois de l'émission et continueront d'être faits le 15^e jour de chaque mois pendant toute la durée des titres (prière de se reporter à la section « Paiements de principal et d'intérêt » ci-dessous), que l'émetteur ait reçu ou non les remboursements de principal et d'intérêt des débiteurs hypothécaires.

La Société canadienne d'hypothèques et de logement

En 1946, le Parlement canadien a adopté une loi selon laquelle était « constituée la Société canadienne d'hypothèques et de logement, dotée de la personnalité morale et composée du ministre et des administrateurs » (article 3, *Loi sur la Société canadienne d'hypothèques et de logement*, chapitre C-7 des *Lois révisées du Canada*, 1985). Les membres du conseil d'administration et les principaux dirigeants de la SCHL, sigle qui désigne couramment cette société d'État aujourd'hui, sont tous nommés directement par le gouvernement; ils dirigent ses affaires et ses activités dans les limites définies par la *Loi canadienne sur la gestion des finances publiques*, L.R.C. (1985), ch. F-11, modifié.

Depuis sa fondation, la SCHL a été un important agent financier du gouvernement canadien dans le domaine du logement, d'un océan à l'autre. Grâce à son réseau de bureaux à travers le pays, la Société assure, depuis 1954, des prêts hypothécaires consentis par les prêteurs privés.

Available in English

SCHL 2834 8/99 La SCHL est assujettie à la Loi sur la protection des renseignements personnels.
Tout individu a droit d'accès aux renseignements que détient la SCHL à son sujet.



Canada

En 1984, la *Loi nationale sur l'habitation (LNH)* a été modifiée par le Parlement afin d'autoriser une nouvelle activité visant à faciliter le financement du logement au Canada. Pour aider le marché hypothécaire secondaire à se développer et favoriser la réapparition de prêts à plus long terme, cette nouvelle Partie de la *LNH* permet la «garantie de titres fondés sur des prêts assurés». Les pouvoirs légaux pour émettre des titres et les modalités de garantie sont décrits comme suit sur chaque certificat émis en vertu des dispositions de la *Loi nationale sur l'habitation du Canada*.

Garantie *LNH* de paiements ponctuels

La SCHL garantit le paiement à échéance du principal et des intérêts indiqués sur le certificat - même si les remboursements sur les créances du bloc n'ont pas été faits - selon les conditions de cet acte, conformément aux pouvoirs que lui confère la *Loi nationale sur l'habitation*. Le chapitre *N-11 des Lois révisées du Canada (1985)*, modifié, contient ce qui suit :

Article 4

Les droits acquis et les obligations contractés par la Société aux termes de la présente loi, en son nom ou au nom de Sa Majesté, constituent des droits ou des obligations de Sa Majesté.

Article 14

La Société peut garantir le paiement de tout ou d'une partie du capital ou des intérêts - ou des deux - relatifs à des titres fondés sur les prêts pour l'habitation.

Placements admissibles

Les titres hypothécaires, assortis de la garantie de paiement ponctuel de la SCHL, sont des placements qui remplissent les conditions des lois régissant les compagnies d'assurance, les établissements de crédit, les sociétés de fiducie, les fonds en fiducie et les caisses de retraite, et respectent les dispositions de la *Loi canadienne de l'impôt sur le revenu* en ce qui touche les régimes enregistrés d'épargne-retraite, les fonds enregistrés de revenu de retraite, les régimes de participation différée aux bénéficiaires et les régimes dont l'enregistrement est annulé.

Composition du bloc de créances hypothécaires

Toutes les créances du bloc servant de fondement aux titres sont des créances à paiements égaux assurées par la SCHL. Le terme «créance», au sens où on l'emploie ici, comprend la dette et l'acte hypothécaire qui la garantit. Chaque créance établit, pour le premier remboursement mensuel régulier, une date qui n'est pas antérieure de plus de 2 ans à la date d'émission du titre. Chacune porte un taux d'intérêt fixe et prévoit des remboursements réguliers qui amortissent la dette sur la période indiquée. Ces remboursements ont lieu au moins une fois par mois. La moyenne pondérée des périodes d'amortissement est indiquée dans l'addendum accompagnant la circulaire.

Payeur et agent de transfert général

Les certificats prévoient que les versements d'argent aux détenteurs seront faits par l'entremise d'un payeur et agent de transfert général (PATG) dûment autorisé à remplir cette fonction pour le compte de chaque émetteur concerné. Montreal Trust a été choisie comme payeur et agent de transfert général du Programme des titres hypothécaires *LNH*. Les demandes de renseignements qui la concernent à ce titre doivent être envoyées à l'adresse suivante : Montreal Trust, Division des Services aux entreprises, 151, rue Front ouest, pièce 605, Toronto, Ontario, M5J 2N1.

Paiements de principal et d'intérêt

Les montants de principal et d'intérêt dus sur les titres seront payés mensuellement aux détenteurs, le 15^e jour du mois ou, si le 14 ou le 15 tombent un samedi, un dimanche ou un jour férié, le deuxième jour ouvrable après le 14 (la «date de paiement»). Le premier de ces paiements sera effectué à la date de paiement, durant le mois qui suivra la date d'émission. Ainsi, le premier paiement sera d'ordinaire fait 45 jours après la date d'émission.

L'intérêt, au taux stipulé, sera payé chaque mois pour le mois précédent, sur la portion impayée du principal des titres. Le montant de principal dû sur les titres chaque mois sera égal au montant prévu de principal dû sur les créances du bloc. Cependant, le paiement de principal et d'intérêt peut faire l'objet de redressements, comme expliqué ci-après.

Chaque mensualité de principal sera redressée si, au cours du mois précédent, des indemnités de remboursement anticipé ont été payées ou des remboursements supplémentaires de principal, faits, ou si d'autres remboursements anticipés ou imprévus ont été effectués sur les créances du bloc. L'addendum donne un résumé des privilèges de remboursement anticipé accordés aux débiteurs dont les créances hypothécaires servent de fondement au bloc. De toute façon, les mensualités comprendront toujours au moins les intérêts dus sur les titres au taux précisé sur le certificat, plus tous les montants de principal prévus pour le mois en question, qu'ils aient été recouverts ou non des débiteurs hypothécaires, ainsi que les remboursements supplémentaires ou anticipés de principal effectués par les débiteurs au cours du mois précédent et les indemnités de remboursement anticipé. Le reste du principal dû sur les créances sera versé aux investisseurs au cours des six derniers mois du terme des titres, à mesure que les créances du bloc arriveront à échéance. Le paiement final de l'intérêt sera remis à la date de paiement du mois de l'échéance. Aucun intérêt ne courra ou ne sera payable pour le laps de temps séparant la date d'échéance de la date du paiement final. Ce paiement final du principal se fera seulement sur remise du certificat par le détenteur.

Les paiements mensuels qui doivent être effectués sur tous les titres fondés sur le bloc de créances dont il est question ici, seront versés à chaque investisseur dans la proportion que le montant original en principal de chaque titre avait par rapport au total original en principal du bloc de créances. Les paiements seront effectués par le PATG au moyen des fonds perçus par l'émetteur ou, si l'émetteur ne réussit pas à fournir tous les fonds requis, grâce aux fonds avancés par la SCHL.

Chaque mensualité sur un titre sera payée à l'investisseur au nom duquel le certificat est enregistré le dernier jour du mois qui précède immédiatement le mois où le paiement est exigible. Les paiements se font à la date de paiement. Le PATG peut faire un seul paiement, par chèque, (ou regrouper les paiements d'une autre façon) à chaque investisseur, pour les sommes dues sur tous les titres hypothécaires que celui-ci détient dans un bloc. De plus, à la demande de l'investisseur et sur remise des documents appropriés, le PATG peut verser les paiements, par transfert électronique de fonds, à la banque ou à la société de fiducie que lui indique l'intéressé.

Rapports aux investisseurs

Le PATG enverra à chaque détenteur de certificat enregistré un état mensuel du principal et des intérêts payables couramment sur le certificat; cet état indiquera aussi le solde de principal encore dû, une fois effectué le paiement de principal courant, ainsi que d'autres renseignements utiles. Si un investisseur détient plus d'un titre, ou en possède dans différentes émissions, il recevra un état par titre ou par émission, selon le cas. Les comptes et dossiers de l'émetteur concernant les créances de chaque bloc seront tenus conformément aux pratiques comptables normales et d'une façon qui permette à la SCHL de les examiner et vérifier en tout temps raisonnable.

Valeur nominale et transférabilité des certificats

La valeur nominale minimale autorisée des titres offerts dans le cadre du programme est de 5 000 \$. Tous les titres seront donc émis en coupures de 5 000 \$ ou d'un multiple de 5 000 \$, sauf un par bloc de créances, qui pourra être émis à la valeur nécessaire pour que soit atteint le total original en principal de l'émission en cause.

Chaque certificat peut être transféré et cédé sans aucune restriction, mais uniquement par le truchement du registre des certificats tenu par le PATG. L'investisseur ou son représentant dûment autorisé peut, en remettant son certificat au PATG, céder la propriété de ce dernier ou obtenir d'autres coupures en échange sur le registre des certificats. L'investisseur doit endosser le certificat en utilisant la formule de cession qui apparaît au verso du certificat, ou signer tout autre acte de cession jugé acceptable par le PATG. Il y a des frais d'administration à payer pour tout changement de détenteur inscrit ou tout échange de certificat contre d'autres coupures; on pourra également exiger une somme suffisante pour couvrir toute taxe relative à des opérations de cette nature.

Administration du bloc de créances

Aux termes des dispositions contractuelles qui le lient à la SCHL, l'émetteur a la responsabilité de voir à l'administration des créances hypothécaires formant le bloc, en respectant les pratiques généralement adoptées par les établissements de crédit hypothécaires.

La rémunération mensuelle de l'émetteur pour ses diverses fonctions administratives est égale à la différence entre les intérêts payés par les débiteurs hypothécaires et les intérêts payés, aux taux indiqués sur les certificats, aux détenteurs de titres. L'émetteur retient ce montant sur les intérêts perçus des débiteurs hypothécaires. Le taux d'intérêt de chaque créance du bloc est d'au moins 0,5 p. 100 supérieur au taux d'intérêt indiqué sur les certificats. L'émetteur retient aussi, à titre de rémunération supplémentaire, les droits pour arriérés de paiement et autres charges semblables qu'il perçoit (à l'exclusion des intérêts de pénalisation exigés pour certains remboursements imprévus de principal, tel qu'indiqué dans l'addendum à la présente circulaire). Les paiements aux investisseurs ne sont jamais retardés. L'émetteur assume tous les coûts et dépenses liés à l'administration des créances. Ces droits pour arriérés de paiement qu'il garde et ces coûts et dépenses qu'il assume ne réduiront en rien les paiements mensuels dus aux investisseurs, comme indiqué ci-dessus.

Responsabilité de l'émetteur

Les certificats ne constituent pas une preuve d'endettement de l'émetteur envers les investisseurs, ni la preuve d'un droit de recours des investisseurs contre lui. Les titres sont fondés sur le total en principal des créances hypothécaires assurées aux termes des lois du Canada et, s'il y a lieu de protéger leurs droits, les investisseurs peuvent avoir recours à la SCHL, comme le prévoit la garantie inscrite sur chaque certificat.

Le dépositaire

Tous les documents ayant trait aux créances du bloc qui sert de fondement à cette émission de titres seront gardés en dépôt, au nom des investisseurs, par un dépositaire jugé acceptable par la SCHL.

Changement possible des caractéristiques du bloc

Les caractéristiques originelles du bloc de créances rattaché aux présents titres hypothécaires sont indiquées dans l'addendum sous la rubrique «Profil du bloc de créances à la date d'émission». À mesure que les créances arrivent à échéance ou que les débiteurs font des remboursements anticipés imprévus ou encore remboursent complètement le principal, certaines de ces caractéristiques sont susceptibles de changer, en particulier l'amortissement restant moyen pondéré, le taux hypothécaire moyen pondéré, la moyenne pondérée de la date d'ajustement d'intérêt, la moyenne pondérée de la date d'échéance et la date d'échéance du bloc. Les investisseurs peuvent recevoir le paiement intégral du principal d'une créance hypothécaire avant la date d'échéance prévue si le bien grevé par l'hypothèque se détériore au point de ne plus pouvoir être remis en état par des réparations ou si un manquement aux obligations hypothécaires de la part du débiteur justifie des poursuites judiciaires qui aboutissent au retrait du prêt du bloc de titres *LNH*.

Annulation du bloc de créances avant échéance

Le bloc de créances peut être annulé n'importe quand avant la date d'échéance des titres en circulation, à la condition expresse que l'émetteur et tous les détenteurs de titres en circulation se mettent d'accord pour l'annuler. Une fois qu'on l'aura informée officiellement, avec preuves à l'appui, que les parties se sont entendues pour mettre fin au bloc de créances et qu'on lui aura retourné les certificats pour qu'elle les annule, la SCHL annulera la garantie.

Impôt fédéral sur le revenu

Selon une décision anticipée en matière d'impôt sur le revenu datée du 22 décembre 1998, rendue par Revenu Canada à l'égard des titres hypothécaires émis avant le 1^{er} janvier 2000, dans la mesure où elle s'applique aux présentes, de l'avis de Osler, Hoskin & Harcourt, conseillers fiscaux spéciaux de la SCHL, le texte qui suit constitue un résumé des principales incidences fiscales fédérales pour les investisseurs qui détiennent des titres hypothécaires en tant que biens en immobilisation au sens où l'entend la *Loi de l'impôt sur le revenu* du Canada (la *Loi*). Le présent résumé est fondé sur les dispositions de la *Loi*, le règlement pris aux termes de celle-ci et la compréhension par les conseillers fiscaux de la SCHL des politiques administratives et des politiques en matière de cotisation publiées le 1^{er} janvier 1999. Le résumé tient également compte des propositions précises visant à modifier la *Loi* et son règlement, annoncées publiquement par le ministre des Finances du Canada avant le 1^{er} janvier 1999, mais rien ne garantit qu'elles seront adoptées en leur forme proposée voire même qu'elles le seront. Le résumé ne tient pas compte ni ne prévoit autrement des changements à la loi, par voie de mesure ou d'interprétation législative, judiciaire ou gouvernementale, ni ne porte sur des incidences fiscales provinciales ou étrangères.

LE PRÉSENT RÉSUMÉ EST DE NATURE GÉNÉRALE SEULEMENT ET NE PRÉTEND PAS CONSTITUER UN AVIS JURIDIQUE OU FISCAL À L'INTENTION D'UN INVESTISSEUR EN PARTICULIER QUANT AUX CONSÉQUENCES DE L'ACQUISITION, DE LA DÉTENTION OU DE LA CESSION DE TITRES HYPOTHÉCAIRES, NI NE DOIT ÊTRE INTERPRÉTÉ COMME TEL. LES INVESTISSEURS QUI NE DÉTIENNENT PAS LES TITRES HYPOTHÉCAIRES EN TANT QUE BIENS EN IMMOBILISATION, CEUX QUI ONT UN LIEN DE DÉPENDANCE AVEC L'ÉMETTEUR ET CEUX QUI SONT DES «INSTITUTIONS FINANCIÈRES» ASSUJETTIES AUX DISPOSITIONS SPÉCIALES DE LA *LOI* APPLICABLES AU REVENU, AUX GAINS OU AUX PERTES DÉCOULANT DE TITRES DE CRÉANCE DÉTERMINÉS OU DE BIENS ÉVALUÉS À LEUR VALEUR MARCHANDE, SONT PRIÉS DE CONSULTER LEURS PROPRES CONSEILLERS FISCAUX, CAR LE RÉSUMÉ QUI SUIT NE S'APPLIQUE PAS À CES INVESTISSEURS.

Résidents canadiens

Le paragraphe suivant du présent résumé s'applique aux investisseurs qui détiennent des titres hypothécaires et qui, aux termes de la *Loi de l'impôt sur le revenu*, sont considérés comme des résidents du Canada («investisseurs canadiens»).

Intérêts

Les investisseurs canadiens (autres que les sociétés par actions, les sociétés de personnes, les fiducies d'investissement à participation unitaire ou les fiducies dont une société par actions ou une société de personnes est un bénéficiaire) sont tenus d'inclure dans le calcul du revenu d'une année d'imposition donnée, les intérêts à l'égard de titres hypothécaires (moins les frais d'administration raisonnables déduits par l'émetteur), dus ou payés par l'émetteur avant la fin de l'année (selon la méthode habituellement suivie par les investisseurs pour calculer leur revenu), sauf s'ils ont déjà inclus ces intérêts dans le calcul de leur revenu au cours de l'année d'imposition précédente.

Les investisseurs canadiens qui sont des sociétés par actions, des sociétés de personnes, des fiducies d'investissement à participation unitaire ou des fiducies dont une société par actions ou une société de personnes est un bénéficiaire doivent inclure dans le calcul de leur revenu les intérêts accumulés jusqu'à la fin de l'année d'imposition à l'égard des titres hypothécaires qu'ils détiennent (moins les frais d'administration raisonnables déduits par l'émetteur) ou les intérêts gagnés ou reçus par ces derniers avant la fin de l'année, sauf s'ils ont déjà inclus ces intérêts dans le calcul de leur revenu de l'année d'imposition précédente.

Cession de titres

S'ils vendent des titres hypothécaires, les investisseurs canadiens sont généralement tenus d'inclure dans le calcul de leur revenu pour l'année d'imposition durant laquelle la vente a eu lieu (ou est réputée avoir eu lieu) le montant des intérêts accumulés à l'égard de ces titres jusqu'à la date de la cession, à moins qu'un tel montant n'ait été inclus par ailleurs dans leur revenu.

En général, la cession de titres hypothécaires entraîne un gain (ou une perte) en capital correspondant à l'écart entre le produit de la vente (moins les intérêts accumulés impayés et les frais raisonnables liés à la vente des titres) et le prix de base rajusté payé par les investisseurs canadiens pour les titres en question, calculé immédiatement avant leur cession. Les trois quarts du gain en capital («gain en capital imposable») réalisé par un investisseur canadien au cours d'une année d'imposition doivent être inclus dans le calcul de son revenu pour l'année visée. Les trois quarts de la perte en capital («perte en capital déductible») peuvent être déduits des gains en capital imposables réalisés par un investisseur canadien durant l'année ou des gains en capital imposables nets réalisés au cours de l'une des trois années d'imposition précédentes ou d'une année d'imposition subséquente, conformément aux dispositions de la *Loi*.

Impôt remboursable supplémentaire

Les investisseurs qui sont des «sociétés privées sous contrôle canadien» (aux termes de la *Loi de l'impôt sur le revenu*) peuvent être tenus de payer un impôt remboursable supplémentaire de 6 2/3 % sur certains revenus de placements, notamment les intérêts et les gains en capital imposables.

Investisseurs qui ne résident pas au Canada

Les investisseurs qui ne résident pas au Canada ne sont pas assujettis à la retenue d'impôt des non-résidents à l'égard des intérêts. Les investisseurs qui ne résident pas au Canada ou qui ne sont pas réputés y résider à aucun moment durant la période où ils détiennent les titres hypothécaires et qui n'utilisent pas, ne détiennent pas ni ne sont pas réputés utiliser ou détenir des titres hypothécaires dans le cadre d'une entreprise au Canada sont exonérés de l'impôt canadien sur le revenu des non-résidents, qu'il s'agisse d'intérêts à l'égard de titres hypothécaires ou de gains en capital réalisés lors de la cession de titres hypothécaires et, aux fins de la *Loi de l'impôt sur le revenu*, ils ne sont pas tenus d'inclure un montant relatif aux titres hypothécaires dans le calcul de leur revenu tiré d'une entreprise au Canada.

Admissibilité des titres hypothécaires

Les titres hypothécaires constituent des placements admissibles pour un régime enregistré d'épargne-retraite, un régime enregistré d'épargne-études, un fonds enregistré de revenu de retraite, un régime de participation différée aux bénéficiaires et un régime dont l'enregistrement est annulé.

ADDENDUM À LA CIRCULAIRE D'INFORMATION

ÉMETTEUR

%

N° DU BLOC :

ÉCHÉANCE DU 1^{ER} PAIEMENT :

DATE D'ÉMISSION :

DATE D'ÉCHÉANCE DES TITRES :

DATE DE RÈGLEMENT :

ÉCHÉANCE DU DERNIER PAIEMENT :

Nombre total de créances hypothécaires

Moyenne pondérée de la date d'ajustement d'intérêt

Moyenne pondérée de la date d'échéance

PROFIL DU BLOC DE CRÉANCES À LA DATE D'ÉMISSION

Échéance prévue des créances exprimée en nombre de mois jusqu'à l'échéance des titres	Valeur nominale restante	Taux hypothécaire moyen pondéré (THMP)	Amortissement restant moyen pondéré (ARMP)
	(\$)	(%)	(Mois)
5 mois			
4 mois			
3 mois			
2 mois			
1 mois			
Échéance			

DESCRIPTION DES CRÉANCES HYPOTHÉCAIRES

Prêts assurés aux termes du programme d'assurance portefeuille LNH : Valeur en dollars _____ \$ % de prêts _____

Profil du pourcentage en dollars par catégorie de prêt

Propriétaire-occupant : _____ % Multifamilial : _____ % Logement social : _____ %

DISTRIBUTION ARMP EN MOIS	180 à 209 0 à 29	210 à 239 30 à 59	240 à 269 60 à 89	270 à 299 90 à 119	300 à 329 120 à 149	330 + 150 à 180
VALEUR NOMINALE RESTANTE	\$	\$	\$	\$	\$	\$

SCHL 2834 8/99 La SCHL est assujettie à la Loi sur la protection des renseignements personnels. Tout individu a droit d'accès aux renseignements que détient la SCHL à son sujet.



ENDROIT DES CRÉANCES HYPOTHÉCAIRES

<u>Province</u>	<u>Nombre de prêts</u> (%)	<u>Montant de principal</u> (%)
Terre-Neuve		
Nouvelle-Écosse		
Nouveau-Brunswick		
Î.-P.-É.		
Québec		
Ontario		
Manitoba		
Saskatchewan		
Alberta		
Colombie-Britannique		
Territoires du N.-O.		
Yukon		
	<hr/> <u>100,000</u> <hr/>	<hr/> <u>100,000</u> <hr/>

PROFIL DU BLOC DE CRÉANCES PAR DATE D'AJUSTEMENT D'INTÉRÊT

DATE D'AJUSTEMENT D'INTÉRÊT
VALEUR NOMINALE RESTANTE

GROUPES DE TAUX HYPOTHÉCAIRE (% PAR QUART)	<u>DATES D'AJUSTEMENT D'INTÉRÊT</u>					TOTAL - \$	% DU TOTAL
-							
-							
-							
-							
-							
-							
-							
-							
-							
TOTAL - \$							
% DU TOTAL							
% DU THMP							

SCHL 2834 8/99 La SCHL est assujettie à la Loi sur la protection des renseignements personnels.
Tout individu a droit d'accès aux renseignements que détient la SCHL à son sujet.

Pour les blocs de la catégorie 964, le montant total des pénalités ou indemnités exigibles divulguées à cet addendum doit être versé intégralement aux investisseurs sans exception.

Pour les blocs de la catégorie 967, le montant total des pénalités ou indemnités exigibles divulguées à cet addendum sera retenu pour l'émetteur.

Pour les blocs de la catégorie 970, l'émetteur garde l'indemnité qu'a versée l'emprunteur qui a choisi de se prévaloir de l'une des options de remboursement par anticipation figurant dans l'acte de prêt hypothécaire et mentionnée dans le «Résumé des options de paiement par anticipation pour les prêts hypothécaires» (ci-après appelé les «Options de paiement par anticipation»). Si l'émetteur autorise l'emprunteur à rembourser par anticipation ou à renégocier le prêt hypothécaire dans d'autres circonstances que celles prévues dans les «Options de paiement par anticipation», il doit verser à l'investisseur une indemnité («Le différentiel de taux d'intérêt») calculée de la manière établie ci-dessous.

RÉSUMÉ DES DISPOSITIONS DE REMBOURSEMENT ANTICIPÉ DES CRÉANCES DU BLOC

MORTGAGE POOL TRANSFER AND SERVICING AGREEMENT

BETWEEN: _____, a legal person, constituted under the
_____, having its head office at _____ in the City
of _____, Province of _____,
hereinafter and represented by _____, its
duly authorized in virtue of a Resolution of its Board of Directors adopted on the _____ day
of _____, (_____).

(hereinafter called the "**Issuer**")

PARTY OF THE FIRST PART

AND

CANADA MORTGAGE AND HOUSING CORPORATION, a legal person and Crown corporation, incorporated under the Canada Mortgage and Housing Corporation Act R.S.C. (1985) Ch. C-7, having its head office at 700 Montreal Road, in the City of Ottawa, Province of Ontario, K1A 0P7, hereinafter and represented by _____, its _____, a duly authorized official under the _____ adopted on the _____ day of _____, (_____), at a meeting of the Board of Directors of CANADA MORTGAGE AND HOUSING CORPORATION,

(hereinafter called the "**CMHC**")

PARTY OF THE SECOND PART

WHEREAS the Issuer is an Approved Issuer pursuant to the Mortgage-Backed Securities Program (the "**MBS Securities Program**") made pursuant to the National Housing Act (Canada), as the same may be amended from time to time (the "Act");

WHEREAS the Issuer has issued and/or may in the future issue Mortgaged-Backed Securities (the "**MBS Securities**") from time to time pursuant to the MBS Securities Program;

WHEREAS the Issuer, pursuant to the MBS Securities Program, wishes to transfer and/or shall in the future transfer to CMHC all right, title and interest of the Issuer in and to various hypothecary loans, all hypothecs and other security pertaining thereto (including, without limitation, all hypothecs on rentals and on insurance indemnities payable under insurance contracts), all documents or interests relating or ancillary thereto and all claims, debts, accounts and monies which may be owing thereunder from time to time (collectively the "**Hypothecary Loans**"), which Hypothecary Loans, when pooled together, form the basis for the issuance of the MBS Securities (collectively the "**Mortgage Pools**" or "**Mortgage Pool**");

WHEREAS the parties wish to define their continuing relationship subsequent to the transfer of the Mortgage Pools (and the Hypothecary Loans forming a part thereof) by the Issuer to CMHC.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the approval by CMHC of the Mortgage Pools which form the basis for the issuance of the MBS Securities, the issuance of the MBS Securities by the Issuer, the guarantee by CMHC of timely payment by the Issuer of the MBS Securities, and of other mutual covenants and agreements herein contained, the sufficiency of which is hereby mutually acknowledged, the parties to this Agreement agree as follows:

Disponible en français



Canada

ARTICLE 1 - DEFINITIONS

- 1.1 All capitalized words and phrases in this Agreement shall have the meaning ascribed to them in Part I.1 of the Act and in the regulations (the "Regulations") enacted and guidelines (the "**Program Guide**") made pursuant to the Act from time to time.

ARTICLE 2 - PROGRAM GUIDE

- 2.1 This Agreement is governed by and is subject to the terms and conditions of the Program Guide. In the event of any inconsistency, deviation, discrepancy or ambiguity in or between any of the terms or conditions of this Agreement and the Program Guide, the terms and conditions of the Program Guide shall prevail.
- 2.2 In the event the Program Guide is amended or changed from time to time, the amended or changed terms and conditions of the Program Guide shall apply, *mutatis mutandis*, to this Agreement, and this Agreement shall be deemed to have been amended to the extent necessary to conform with the terms and conditions of the amended Program Guide.

ARTICLE 3 - TITLE TO MORTGAGE POOLS

- 3.1 The Issuer hereby assigns and transfers to CMHC, as absolute owner thereof, all of the Issuer's right, title and interest in and to all existing Mortgage Pools (and Hypothecary Loans forming a part thereof) which have been approved by CMHC and which are identified on all applicable Schedules of Pooled Mortgages, it being understood and agreed that the Issuer shall forthwith execute Specific Assignments of Hypothecary Loan in favour of CMHC in accordance with the provisions of Section 6.1 hereof.
- 3.2 The Issuer also hereby assigns and transfers to CMHC, as absolute owner thereof, all of its right, title and interest in and to any new Mortgage Pools created after the date hereof (and the Hypothecary Loans forming a part thereof) (the "New Mortgage Pools"). The New Mortgage Pools shall be identified on Schedules of Pooled Mortgages which Schedules of Pooled Mortgages shall be appended hereto at such time as they are completed. The assignment and transfer by the Issuer to CMHC of the New Mortgage Pools shall take effect automatically as of the date of approval by CMHC of any New Mortgage Pool and shall be governed by the terms of this Agreement, it being understood and agreed that the Issuer will execute Specific Assignments of Hypothecary Loan in favour of CMHC in accordance with the provisions of Section 6.1 hereof.
- 3.3 The parties hereto covenant and agree that upon the transfer and assignment of the Mortgage Pools (and the Hypothecary Loans forming a part thereof), the Issuer or its duly appointed and approved Servicer, shall hold nominal title to said Mortgage Pools (and the Hypothecary Loans forming a part thereof) as nominee for CMHC pursuant to the terms of the Act, the Regulations and the Program Guide.

ARTICLE 4 - SERVICING OF MORTGAGE POOLS

- 4.1 The Issuer, or its Servicer, as the case may be, shall service such Mortgage Pools in trust for CMHC and otherwise in accordance with the terms and conditions of the Act, the Regulations, Program Guide and the terms and conditions of the Servicing Agreement between the Issuer and the Servicer.

ARTICLE 5 - REPRESENTATIONS AND WARRANTIES OF THE ISSUER

The Issuer hereby warrants and represents to CMHC that as at the date hereof, and as of the date of approval by CMHC of each new Mortgage Pool:

- 5.1 The Issuer is a corporation validly subsisting and in good standing under the laws of the jurisdiction of its incorporation.
- 5.2 The Issuer has due capacity, power and authority to enter into this Agreement and to perform its obligations set out herein on its part to be performed.
- 5.3 The Issuer has purchased and paid due consideration for any and all right, title and interest in and to such Mortgage Pools.
- 5.4 Prior to their assignment to CMHC, the Hypothecary Loans forming part of the Mortgage Pools shall constitute good and valid first ranking security, in favour of the Issuer, for the applicable Mortgage Pools.
- 5.5 No default has occurred or is continuing under any of the Hypothecary Loans forming part of the Mortgage Pools.



- 5.6 The Issuer has not done or committed any act, matter or thing whereby any of the Mortgage Pools (or any Hypothecary Loan forming a part thereof) have been released, discharged, or encumbered, in whole or in part.
- 5.7 The Issuer has not and shall not transfer, assign, charge, pledge, hypothecate or otherwise create a security interest in any of the Hypothecary Loans or the Mortgage Pools or the proceeds thereof, nor has it created a charge, pledge, hypothec or other security interest which may affect such Hypothecary Loans or Mortgage Pools or the proceeds thereof, nor in any other manner dealt with the whole or any part of the interest held by it in any of such Hypothecary Loans or Mortgage Pools, the whole subject to the absolute assignment of the Hypothecary Loans and the Mortgage Pools by the Issuer to CMHC as provided for herein.
- 5.8 No amendments to any of such Mortgage Pools (or any Hypothecary Loans pursuant thereto) have been made or agreed to or shall be made or agreed to by the Issuer.
- 5.9 The Issuer, or its Servicer, shall service the Mortgage Pools in accordance with the terms of the Program Guide and the terms and conditions of the Servicing Agreement between the Issuer and the Servicer which shall be compatible therewith.

ARTICLE 6 - COVENANTS

- 6.1 The Issuer will from time to time at the request of CMHC, do, perform, make and execute or cause to be done, performed, made, and executed, all such acts, deeds, or assurances as may be required by CMHC for enforcing the covenants and conditions related to such Mortgage Pools, for more effectually and completely vesting in CMHC the rights, title, interests, benefits and obligations hereinbefore set out, and for completing all filings, registrations and publications necessary or appropriate with respect to the transfer of any Hypothecary Loans forming part of any Mortgage Pools. In particular, but without limitation to the foregoing, the Issuer shall forthwith, upon transfer of any Mortgage Pool, execute in favour of and deliver to CMHC, Specific Assignments of all Hypothecary Loans forming part of any Mortgage Pool ("**Specific Assignments**"), to the extent that such Specific Assignments have not already been executed, the whole to evidence any transfer of Hypothecated Loans contemplated herein and such Specific Assignments shall be in form and content acceptable to CMHC.
- 6.2 The Issuer will not further assign, pledge, charge, hypothecate or otherwise create a security interest in such Mortgage Pools or the proceeds thereof.

ARTICLE 7 - TERMINATION

- 7.1 The parties hereto agree that upon the termination of:
- (a) any Hypothecary Loan forming part of a Mortgage Pool; or,
 - (b) any Mortgage Pool
- in a manner approved by CMHC in accordance with the terms of the Program Guide or the Hypothecary Loan, as the case may be, the terms and provisions of this Agreement shall cease to apply to such Hypothecary Loan or to such Mortgage Pool, as the case may be.
- 7.2 The occurrence of any one of the following events shall constitute an "**Event of Default**" hereunder:
- (a) should any representation, warranty or covenant made by the Issuer in connection with this Agreement be false or misleading;
 - (b) should a resolution be adopted by the Issuer or Servicer in connection with the winding-up or liquidation of its affairs or should the Issuer or Servicer be in the course of dissolution;
 - (c) should the Issuer or Servicer make an assignment for the benefit of any of its creditors, become insolvent, commit an act of bankruptcy, cease or threaten to cease to do business as a going concern or seek any arrangement or composition with any of its creditors or invoke, threaten to invoke or indicate its intention to invoke the benefit of any legislation governing insolvent debtors;
 - (d) should any proceeding in bankruptcy, receivership, liquidation, winding-up, dissolution or insolvency be commenced in respect of the Issuer or the Servicer or in respect of any of their property or if any receiver or receiver manager takes possession of the undertaking or any substantial portion of the property of the Issuer or Servicer;



- (e) should the Issuer, or the Servicer, as the case may be, fail, in the opinion of CMHC, to perform any of their obligations in accordance with the terms of the Program Guide or any applicable laws or regulations in force from time to time.

7.3 Upon the occurrence of an Event of Default, CMHC may, at its option, terminate the mandate of the Issuer and/or the approved Servicer of the Issuer, to act as nominee for CMHC and to service the Mortgage Pools pursuant to the terms of Sections 3.3 and 4.1 and hereof (the "**Mandate**") upon giving written notice of termination of such Mandate to the Issuer at which time the Mandate shall be deemed to be revoked and terminated, subject to the Issuer, or its Servicer, as the case may be, providing a detailed accounting of its administration to CMHC and fulfilling any other of its obligations to CMHC pursuant to the terms of the Program Guide and the law.

ARTICLE 8 - SUCCESSORS AND ASSIGNS

8.1 This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their permitted successors and assigns.

ARTICLE 9 - FURTHER ASSURANCES

9.1 Each of the parties hereto shall from time to time hereafter upon any reasonable request of the other, make, execute and deliver, or cause to be made, executed and delivered, all such further acts, deeds, assurances and things as may be required or necessary to more effectually implement and carry out the true intent and meaning of this Agreement.

ARTICLE 10 - NOTICE

10.1 Notices generally. Any notice, waiver, demand, notice to parties or other communication required or permitted to be given by either of the parties hereto to the other hereunder shall be in writing and shall be delivered by hand or sent by registered mail, postage prepaid, or by telex, telecopier, telegram or similar means, to the addresses of the parties as follows:

TO THE ISSUER:

Attention: _____
 Fax No.: _____

TO CMHC:

700 Montreal Road
 OTTAWA ON K1A 0P7

Attention: _____
 Fax No.: _____

10.2 When Notices deemed to be given. If such notice, waiver, demand or communication is delivered by hand or sent by telex, telecopier, telegram or similar means, said notice, waiver, demand or communication shall be deemed to have been given on the day when it was received or, if such receipt occurs on a date which is not a business day, on the first business day following. If such notice, waiver, demand or communication is given by prepaid registered mail, it shall be deemed to have been given on the fifth (5th) business day following the day on which it was deposited in an official depository maintained by the Canadian Postal Service for the collection of mail, save and except if there has been a disruption in normal mailing services within two (2) days prior to or after mailing in which case such notice, waiver, demand or communication shall be deemed to have been received on the date of receipt thereof.

10.3 Change of Address. Any party hereto may change its address for notice purposes from time to time by notice given to the other party hereto in accordance with the foregoing.

ARTICLE 11 - HEADINGS

11.1 Headings are not to be considered part of this Agreement and are solely for the convenience of reference.



ARTICLE 12 - PROPER LAW OF AGREEMENT

12.1 This Agreement will be governed by the laws of the Province of Quebec and the laws of Canada applicable therein.

ARTICLE 13 - LANGUAGE

13.1 The parties hereto have required that the present Agreement and all deeds, documents or notices relating thereto be drafted in the English language. Les parties aux présentes ont exigées que la présente Convention et tous autres contrats, documents ou avis afférents aux présentes soient rédigés en langue anglaise.

SIGNED AT THE CITY OF _____, PROVINCE OF _____,

THIS _____ DAY OF _____, _____.

(Issuer)

Per: _____

Name:

Title:

Per: _____

Name:

Title:

I(We) have authority to bind the Corporation.

CANADA MORTGAGE AND HOUSING CORPORATION

Per: _____

Name:

Title:

Per: _____

Name:

Title:

I(We) have authority to bind the Corporation.



Canada

MORTGAGE POOLS TRANSFER AGREEMENT

This agreement made the _____ day of _____,

BETWEEN:

(the "Issuer")

- and -

CANADA MORTGAGE AND HOUSING CORPORATION
("CMHC")

WHEREAS the Issuer is an "Approved Issuer" pursuant to the Mortgage-Backed Securities Program ("MBS Program") made pursuant to the National Housing Act (Canada), as the same has been amended from time to time, has issued and may in the future issue mortgage-backed securities ("MBS") from time to time pursuant to the MBS Program and pursuant to the MBS Program has agreed to transfer to CMHC all rights, title and interest of the Issuer in, or under all documents relating or ancillary to, mortgages and related security made in connection therewith (collectively, the "Mortgage Pools") on which the MBS are based.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the approval by CMHC of the Mortgage Pools on which the MBS are based, the transfer of the Mortgage Pools by the Issuer to CMHC, the issuance of the MBS, and of other mutual covenants and agreements herein contained (the sufficiency of which is hereby mutually acknowledged), the parties to this Agreement agree as follows:

I DEFINITIONS

1.1 All capitalized words and phrases in this Agreement shall have the meaning ascribed to them herein, in Part I.1 of the National Housing Act (Canada) and in the Regulations and guide (the "Program Guide") made pursuant thereto.

II PROGRAM GUIDE

2.1 This Agreement is governed by and is subject to the terms and conditions of the Program Guide. In the event of any inconsistency, deviation, discrepancy or ambiguity in or between any of the terms or conditions of this Agreement and the Program Guide, the terms and conditions of the Program Guide shall prevail.

2.2 In the event the Program Guide is amended or changed from time to time, the amended or changed terms and conditions of the Program Guide shall apply, mutatis mutandis, to this Agreement, and this Agreement shall be deemed to have been amended to the extent necessary to conform with the terms and conditions of the amended Program Guide.

III TRANSFER

3.1 The Issuer hereby assigns, transfers and sets over to CMHC, as of the date hereof, all of the Issuer's rights, title and interest, whether legal or beneficial, now owned or hereafter acquired, in and to all existing Mortgage Pools approved by CMHC and all debts, accounts, claims, monies and choses in action relating to the Mortgage Pools which are now or may hereafter be due and owing to the Issuer, under all documents relating or ancillary thereto including, without limitation, the following:

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- (a) the mortgages in the Mortgage Pools;
- (b) all other additional security obtained by the Issuer, or any other mortgagee or assignee of the mortgages and assigned to the Issuer, in connection with the mortgages in the Mortgage Pools, including without limitation, any assignment of lease, assignment of rents, general security agreement, chattel mortgage, registered or unregistered agreement amending the mortgages or additional security thereunder;
- (c) evidence of mortgage loan insurance with respect to each of the mortgages in the Mortgage Pools;
- (d) the report on title or title insurance relied upon by the Issuer with respect to each of the mortgages in the Mortgage Pools; and
- (e) evidence of indemnity against fire and other standard insurable perils with respect to each of the mortgages in the Mortgage Pools;

3.2 The Issuer hereby agrees to assign, transfer and set over to CMHC with effect as of the date each new Mortgage Pool is approved by CMHC, all of the Issuer's right, title and interest, whether legal or beneficial, owned or thereafter acquired in and to all of such new Mortgage Pools and all debts accounts, claims, monies and choses in action relative to such new Mortgage Pools which may be at any time owing to the Issuer under all documents relating or ancillary thereto including, without limitation, the following:

- (a) the mortgages in the Mortgage Pools;
- (b) all other additional security obtained by the Issuer, or any other mortgagee or assignee of the mortgages and assigned to the Issuer, in connection with the mortgages in the Mortgage Pools, including without limitation, any assignment of lease, assignment of rents, general security agreement, chattel mortgage, registered or unregistered agreement amending the mortgages or additional security thereunder;
- (c) evidence of mortgage loan insurance with respect to each of the mortgages in the Mortgage Pools;
- (d) the report on title or title insurance relied upon by the Issuer with respect to each of the mortgages in the Mortgage Pools; and
- (e) evidence of indemnity against fire and other standard insurable perils with respect to each of the mortgages in the Mortgage Pools;

3.3 The Issuer further assigns to CMHC the benefit of all powers, covenants, provisos in the Mortgage Pools, described in Sections 3.1 and 3.2, and also the full power and authority to use the name or names of the Issuer for enforcing the performance of the covenants and other matters in such Mortgage Pools.

3.4 The Issuer makes this transfer to CMHC to have and to hold the Mortgage Pools described in Sections 3.1 and 3.2 and all monies arising in respect thereof and to accrue thereon, to the use of CMHC forever, but subject to the terms of the Mortgage Pools.

IV TITLE TO MORTGAGE POOLS

4.1 The parties hereto covenant and agree that the Issuer or its duly appointed and approved Servicer, shall hold nominal title to all such Mortgage Pools such that the Issuer, or its Servicer, may service such Mortgage Pools in trust for CMHC but otherwise in accordance with the terms and conditions of the Program Guide and the terms and conditions of the Servicing Agreement between the Issuer and the Servicer.

V REPRESENTATIONS AND WARRANTIES

The Issuer hereby warrants and represents to CMHC that as at the date hereof, and as of the date of approval by CMHC of each new Mortgage Pool:

5.1 The Issuer is a corporation validly subsisting and in good standing under the laws of the jurisdiction of its incorporation.

5.2 The Issuer has due capacity, power and authority to enter into this Agreement and to perform the terms and provisions set out herein on its part to be performed.



Canada

5.3 The Issuer has purchased and paid due consideration for any and all right, title and interest in and to such Mortgage Pools, the mortgages in the Mortgage Pools are good and valid security for the applicable Mortgage Pools and no default has occurred thereunder.

5.4 The Issuer has not done or committed any act, matter or thing whereby any of such Mortgage Pools has been released, discharged, or encumbered, either partly or in their entirety.

5.5 The Issuer has not transferred, assigned, charged, pledged or created a security interest in any of such Mortgage Pools or the proceeds thereof, nor created a charge, pledge or security interest which affects such Mortgage Pools or the proceeds thereof, nor in any other manner dealt with the whole or any part of the interest held by it in any of such Mortgage Pools.

5.6 No amendments to any of such Mortgage Pools have been made or agreed to by the Issuer save as disclosed to CMHC.

VI COVENANTS

6.1 The Issuer will from time to time at the request of CMHC, do, perform, make and execute or cause to be done, performed, made, and executed, all such acts, deeds, or assurances as may be required by CMHC for enforcing the covenants and conditions related to such Mortgage Pools, for more effectually and completely vesting in CMHC the rights, benefits and obligations hereinbefore set out, and for completing all filings and registrations necessary or appropriate with respect to this transfer.

6.2 CMHC shall have the right to effect on behalf of the Issuer all of the matters set out in Section 6.1 and in that regard the Issuer hereby irrevocably appoints CMHC as its attorney for the purpose of the preparation, execution and delivery on behalf of and as attorney for the Issuer of all assignments and transfers to CMHC of all rights, title and interest of the Issuer in or under all documents relating or ancillary to the Mortgage Pools, including without limitation, the following:

- (a) the mortgages in the Mortgage Pools;
- (b) all other additional security obtained by the Issuer, or any other mortgagee or assignee of the mortgages and assigned to the Issuer, in connection with the mortgages in the Mortgage Pools, including without limitation, any assignment of lease, assignment of rents, general security agreement, chattel mortgage, registered or unregistered agreement amending the mortgages or additional security thereunder;
- (c) evidence of mortgage loan insurance with respect to each of the mortgages in the Mortgage Pools;
- (d) the report on title relied upon by the Issuer with respect to each of the mortgages in the Mortgage Pools; and
- (e) evidence of indemnity against fire and other standard insurable perils with respect to each of the mortgages in the Mortgage Pools;

and for completion and effecting of all notices, filings and registrations necessary or appropriate to effect or perfect such assignments.

6.3 The Issuer shall execute and deliver to CMHC such copies of the Power of Attorney set out in CMHC Form No. 2841 as may be requested by CMHC to register such Power of Attorney, in each land registry office in Canada in which a mortgage in any Mortgage Pool has been registered.

6.4 CMHC may exercise the right in Section 6.2 at any time without prior notice to the Issuer and shall give the Issuer notice that it has elected to exercise such right when such exercise has been completed. The Issuer shall indemnify CMHC and save CMHC harmless from all costs, fees and expenses (collectively, the "Costs") of any kind whatsoever which CMHC may incur in the exercise of such right and shall pay such Costs within 10 days of request from CMHC for payment thereof.



Canada

6.5 CMHC agrees to indemnify and save the Issuer harmless in respect of any and all claims, demands, awards, judgments, actions and proceedings by whomsoever made, brought or prosecuted (including all costs, fees and expenses in connection therewith), which the Issuer may suffer or incur arising from any negligent, mistaken or fraudulent act, omission or misconduct of CMHC, or any employee or officer of CMHC, or those for whom CMHC is in law responsible, in utilizing any power of attorney granted pursuant to Section 6.2 hereof to assign, or otherwise deal with, any mortgage or mortgages, or other related security made in connection therewith, which is not part of a Mortgage Pool transferred to CMHC by the Issuer under this Agreement, unless such assignment or dealing is made as a result of the negligent, mistaken or fraudulent act, omission or misconduct of the Issuer, or any employee, officer or shareholder of the Issuer, or those for whom the Issuer is in law responsible, in which event CMHC shall have no responsibility for indemnification hereunder.

6.6 The Issuer agrees that the right set out in Section 6.2 may be exercised by CMHC notwithstanding any proceedings or steps taken for or in relation to the winding-up, dissolution, liquidation, bankruptcy or receivership or similar proceeding in respect of the Issuer.

6.7 The Issuer will not amend such Mortgage Pools without the prior written consent of CMHC.

6.8 The Issuer will not further assign, pledge, charge or create a security interest in such Mortgage Pools or the proceeds thereof.

VII TERMINATION

7.1 The parties hereto agree that upon the individual termination of each Mortgage Pool in a manner approved by CMHC and in accordance with the terms of the Program Guide, the terms and provisions of this Agreement shall terminate and cease to apply to such Mortgage Pool.

VIII SUCCESSORS AND ASSIGNS

8.1 This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their permitted successors and assigns.

IX FURTHER ASSURANCES

9.1 Each of the parties hereto shall from time to time hereafter upon any reasonable request of the other, make, execute and deliver, or cause to be made, executed and delivered, all such further acts, deeds, assurances and things as may be required or necessary to more effectually implement and carry out the true intent and meaning of this Agreement.

X HEADINGS

10.1 Headings are not to be considered part of this Agreement and are solely for the convenience of reference.



Canada

XI PROPER LAW OF AGREEMENT

11.1 This Agreement will be governed by the laws of the Province of and the laws of Canada applicable therein.

IN WITNESS WHEREOF, the parties have duly executed this Agreement.

(Issuer)

Per: _____
Name:
Title:

c/s

Per: _____
Name:
Title:

I(We) have authority to bind the Corporation.

CANADA MORTGAGE AND HOUSING CORPORATION

Per: _____
Name:
Title:

c/s

Per: _____
Name:
Title:

I(We) have authority to bind the Corporation.



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ISSUER'S MONTHLY ACCOUNTING REPORT

SECTION 1

Protected when completed

TO: CPTA

FROM: ISSUER

CMHC Pool No.	1A Issuer Codes	1B Report Cut-Off Date	1C Report Start Date	1D
---------------	-----------------	------------------------	----------------------	----

SECTION 2 - MORTGAGE POOL

Total No. Mortgages (Last Report)	No. of Liquidations (-)	No. Maturities (-)	No. of Substitutions (+)	No. of Mortgages This Month End	Weighted Average Maturity	Weighted Average Mortgage Rate	Weighted Average Remaining Amortization
2A	2B	2C	2D	2E	2F	2G	2H

Total Delinquent	Per cent Delinquent	Instalment Delinquent	One	Two	Three or More
2I	2J		2K	2L	2M

SECTION 3 - SECURITY

Scheduled Principal	Partial Prepayments	Liquidations	Maturities	Substitutions	Adjustments	Total Principal												
3A	3B	3C	3D	3E	3F	3G												
0																		
CASH DISTRIBUTION DUE TO HOLDERS RE INTEREST						3J												
<table style="width: 100%; border: none;"> <tr> <td colspan="6" style="text-align: center; border: none;">SECURITY INTEREST RATE</td> </tr> <tr> <td style="border: none;">Annual Coupon</td> <td style="border: none; text-align: center;">%</td> <td style="border: none; text-align: center;">3H</td> <td style="border: none;">Monthly Factor 10 Digits</td> <td style="border: none; text-align: center;">3I</td> <td style="border: none;"></td> </tr> </table>						SECURITY INTEREST RATE						Annual Coupon	%	3H	Monthly Factor 10 Digits	3I		
SECURITY INTEREST RATE																		
Annual Coupon	%	3H	Monthly Factor 10 Digits	3I														
INTEREST PENALTIES						3K												
TOTAL CASH DISTRIBUTION DUE TO HOLDERS						3L												

PRINCIPAL AMOUNT OF SECURITIES FROM LAST REPORT	
PRINCIPAL DISTRIBUTED TO HOLDERS THIS MONTH (AMOUNT FROM BOX 3G)	3N

SECTION 4

PRINCIPAL BALANCE DUE ON SECURITIES (THIS MONTH END)						SECURITY BALANCE TOTAL
5 Months Prior to Maturity	4 Months Prior to Maturity	3 Months Prior to Maturity	2 Months Prior to Maturity	1 Month Prior to Maturity	at Maturity	
4A	4B	4C	4D	4E	4F	4G
Enter "1" if Earlier Than 5 Months Prior to Maturity						4H

SECTION 5

MORTGAGE ADMINISTRATION SYSTEM BALANCE (CUT-OFF DATE)	5A
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DETAILS/EXPLANATIONS

CMHC 2840 8/99

CMHC is subject to the Privacy Act. Individuals have a right of access to CMHC controlled information about themselves.

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SECTION 6 - LIQUIDATION SCHEDULE(S)

Loan # 1

CMHC Account No. 6A	Date Removed 6B	Mortgage Interest Rate 6C	Issuer's Loan No. 6D
REASON FOR REMOVAL (CHECK APPLICABLE BOX)			Liquidation Balance 6E
<input type="checkbox"/> MORTGAGE PAYOFF <input type="checkbox"/> PORTABILITY <input type="checkbox"/> FORECLOSURE <input type="checkbox"/> OTHER (ATTACH EXPLANATION)			Interest Penalties 6F

Loan # 2

CMHC Account No. 6A	Date Removed 6B	Mortgage Interest Rate 6C	Issuer's Loan No. 6D
REASON FOR REMOVAL (CHECK APPLICABLE BOX)			Liquidation Balance 6E
<input type="checkbox"/> MORTGAGE PAYOFF <input type="checkbox"/> PORTABILITY <input type="checkbox"/> FORECLOSURE <input type="checkbox"/> OTHER (ATTACH EXPLANATION)			Interest Penalties 6F

Loan # 3

CMHC Account No. 6A	Date Removed 6B	Mortgage Interest Rate 6C	Issuer's Loan No. 6D
REASON FOR REMOVAL (CHECK APPLICABLE BOX)			Liquidation Balance 6E
<input type="checkbox"/> MORTGAGE PAYOFF <input type="checkbox"/> PORTABILITY <input type="checkbox"/> FORECLOSURE <input type="checkbox"/> OTHER (ATTACH EXPLANATION)			Interest Penalties 6F

SECTION 7 - SUBSTITUTED MORTGAGES

Substitution # 1

CMHC Account No. 7A	Date Substituted 7C	Mortgage Interest Rate 7D	Issuer's Loan No. 7F
In			
Out 7B		7E	7G

Remaining Amortization	Remaining Term	Balance at Substitution
In 7H	7J	7L
Out 7I	7K	7M

Substitution # 2

CMHC Account No. 7A	Date Substituted 7C	Mortgage Interest Rate 7D	Issuer's Loan No. 7F
In			
Out 7B		7E	7G

Remaining Amortization	Remaining Term	Balance at Substitution
In 7H	7J	7L
Out 7I	7K	7M

Issuer's Monthly Accounting Report – CMHC 2840

Purpose

To be used by Issuers to report monthly on their securities administration. The CPTA will generate reports and remittances to Investors based on this report and will prepare factors in support of secondary market transactions.

The report must be submitted monthly for each mortgage pool, with attachments as listed below.

Distribution

The information collected on the CMHC 2840 is to be forwarded to the CPTA in electronic format in compliance with the edits supplied to the Approved Issuer upon its conditional acceptance by CMHC. A copy of the monthly reports is to be retained by the Issuer. The CPTA is located at the following address:

Montreal Trust Company
151 Front Street West
Suite 605
Toronto, Ontario
M5J 2N1

Due Date

The report must be received by the CPTA by the end of the 3rd business day of each month.

Accompanying Documentation Required

1. Schedule of Pooled Mortgages, CMHC 2824

Three supplementary CMHC 2824's must be provided to the Custodian for certification and forwarding to CMHC each time that a loan is substituted in the mortgage pool.



Form Completion – CMHC 2840

Box	Description of Required Content
	SECTION 1 From Issuer Provide the full legal name, address, and postal code of the Issuer.
1A	CMHC Pool Number Insert the pool number assigned by CMHC.
1B	Issuer Codes Enter any identifying codes relating to the Issuer's accounting system or control. CMHC does not require this box to be completed; it is for the Issuer's use only.
1C	Report Cut-Off Date Enter the date of the last day of the period covered by the report. Unscheduled payments received after the cut-off date will be reported on the next month's CMHC 2840. However, expected principal including maturing principal due until and including the first of the month following the cut-off date is to be included in Boxes 3A and 3D as applicable. The report cut-off date must fall in the period from the 25th to the last day of the report month inclusive.
1D	Report Start Date Enter the date of the first day of the period covered by the report. This is the day following the cut-off date of the CMHC 2840 for the previous month. For a new pool, it is the day following the issue date.

Box Description of Required Content

SECTION 2 – MORTGAGE POOL

2A Total No. Mortgages (Last Report)

Enter the total number of mortgages in the mortgage pool as of the beginning of the reporting period (month). This number must be the same as that in Box 2E of the report for the previous month.

2B No. of Liquidations (-)

Enter the total number of mortgages in the pool that have been liquidated during the reporting period. A liquidation is any transaction which reduces the unpaid balance of the mortgage loan to zero and includes loans removed from the pool as a result of substitution. It does not include mortgages that are maturing.

2C No. of Maturities (-)

Enter the total number of loans that are reduced to a nil balance due to scheduled payments or renewal at term maturity in the period from the 2nd of the reporting month to and including the first of the following month.

Example: If the reporting month is June, maturities from June 2 to July 1 are reported.

2D No. of Substitutions (+)

Enter the number of loans which are being added to the pool as substitutes for ineligible loans being removed from the pool.

Three copies of the Schedule of Pooled Mortgages, CMHC 2824, must be submitted to the Custodian with an explanation of the substitution.

2E No. of Mortgages this Month End

Enter the total number of mortgages in the pool at the end of the reporting period. This number should equal Box 2A, minus Box 2B, minus Box 2C, plus Box 2D.



Box Description of Required Content

2F Weighted Average Maturity (WAM)

Enter the Weighted Average Maturity of all the mortgages in the pool as at the end of the reporting period, after the payment due the first of the following month is deducted. This rate is calculated as follows:

- A. divide the outstanding amount of each loan by the total outstanding amount of all the loans in the pool;
- B. multiply the result obtained in A for each loan, by the term remaining for that loan. The terms should always be expressed in months and extended to three decimal places wherever appropriate; and
- C. add together the results obtained in B. for all loans. This is the Weighted Average Maturity of the pool which will usually be slightly shorter, but never longer, than the pool maturity date.

A simple example of the above calculation follows:

Report start date: January 1, Year 1
 Report cut off date: January 31, Year 1
 Assume scheduled payments made February 1, Year 1

<u>Outstanding Balance</u>	<u>Loan Maturity Date</u>	<u>Maturity in Months</u>
\$100,000	September, Year 2	19
\$250,000	October, Year 2	20
\$150,000	November, Year 2	21
\$500,000	September, Year 2	19

Calculations

(A)	(B)	
$\frac{100,000}{1,000,000}$	$= .10 \times 19 \text{ months}$	$= 1.900$
$\frac{250,000}{1,000,000}$	$= .25 \times 20 \text{ months}$	$= 5.000$
$\frac{150,000}{1,000,000}$	$= .15 \times 21 \text{ months}$	$= 3.150$
$\frac{500,000}{1,000,000}$	$= .50 \times 19 \text{ months}$	$= 9.500$

Weighted Average Maturity 19.550 (C)



Box Description of Required Content

2G Weighted Average Mortgage Rate (WAC)

Enter the Weighted Average Mortgage rate of all the mortgages in the pool as at the end of the reporting period, after the payment of the first of the following month is deducted. This rate is calculated as follows:

- A. divide the outstanding amount of each loan by the total outstanding amount of all loans in the pool
- B. multiply the result obtained in A for each loan by the annual interest rate for that loan
- C. add together the results obtained in B for all loans. This is the weighted average mortgage rate.

NOTE: This rate must be calculated whenever there is an additional principal payment, a liquidation or a substitution.

2H Weighted Average Remaining Amortization (RAM)

Enter the Weighted Average Remaining Amortization for all the mortgages in the pool as at the end of the reporting period, after the payment of the first of the following month has been deducted.

Specifically, it is calculated as follows:

- A. divide the outstanding amount of each loan by the total outstanding amount of all the loans in the pool.
- B. multiply the result obtained in A for each loan by the amortization period for that loan. The amortization period should be expressed in months. If payment frequency is not monthly, the amortization period used for the calculation must be the monthly conversion.
- C. add together the results obtained in B for all loans. This is the weighted average remaining amortization.

This period must be recalculated whenever there is an additional principal payment, a change to payment frequency, a liquidation or a substitution.

Box	Description of Required Content
2I	Total Delinquent Enter the number of mortgage loans that are delinquent (at least one full month in arrears) as of the reporting cut-off date (sum of 2K, 2L, and 2M). For all multiple-family pools and social housing pools, report a list of all loans in arrears, the amount in arrears, the planned collection activity, and the reason for the arrears within the Details/Explanations section of the CMHC 2840.
2J	Percent Delinquent Enter the ratio, expressed as a percentage, of the total number of delinquent loans, including loans in foreclosure, divided by the total number of mortgages in the pool shown in Box 2E. The percentage must be rounded to the nearest tenth of a percent.
2K through 2M	Instalment Delinquent Enter the number of delinquent mortgage loans in categories of “1”, “2”, “3 or more” months delinquent. Box 2K, plus 2L, plus 2M must equal Box 2I. A delinquent mortgage loan should be entered in only one category.

NOTE: For mortgages with payment schedules more frequent than monthly, report the number of months delinquent, not the number of delinquent scheduled payments.

Box	Description of Required Content
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	SECTION 3 - SECURITY
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3A	Scheduled Principal
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Included in this field are all expected scheduled payments of principal that are consistent with a theoretical amortization schedule.

Using the opening loan security balance, an amortization schedule for each pooled loan is calculated assuming that all payments are made on time without any arrears on the first of the following month. The sum of the expected principal payments of each pooled loan is the reported scheduled principal for that period. At the beginning of each period, in order to determine the scheduled principal pass-through, a new amortization schedule is calculated for any loan in the pool where the amortization has changed due to unscheduled principal payments, increases to monthly payments, changes in frequency of payments, or any other event that could change the amortization. Issuers may wish to run an amortization schedule of each loan in the pool to confirm that the amortization has not been altered during the reporting period.

Loans with payment frequency more often than monthly must be converted to a monthly equivalent. The loans shall reflect the actual amortization, as a result of the more frequent application of payments.

For liquidations, the scheduled portion of principal is reported in 3A. For maturities, no portion of the principal is reported in 3A. The entire maturing balance is included in 3D.

3B	Partial Prepayments
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Partial prepayments consist of unscheduled principal payments on a mortgage loan. This includes additional principal collected from mortgagors. Amounts entered do not include payment of regular P & I payments.

Box	Description of Required Content
3C	<p>Liquidations</p> <p>A liquidation is any transaction which reduces the unpaid principal balance of the mortgage loan to zero. The outstanding balance of a loan must also be passed through upon the change of title resulting from a Power of Sale or foreclosure, whether or not any NHA Mortgage Insurance Fund claim has been paid by CMHC. This does not include the balance owing at the maturity date of the individual loans or the liquidations for which there are substitutions.</p> <p>The total of Box 3C is equal to Box 6E.</p>
3D	<p>Maturities</p> <p>Enter the balance owing at the maturity date of the loans. For the last payment on the pool, the amount of the “Security Balance Total” (Box 4G) from the previous month's report equals Box 3D. In this instance Box 3A will be zero.</p>
3E	<p>Substitutions</p> <p>Substitutions are mortgage loans replacing those being liquidated from the pool. They are permitted only in limited circumstances as detailed in the Substitution of Mortgage Loans, Chapter 5 of this Guide.</p> <p>Enter the net difference between the loans being liquidated and the loans being substituted (the difference between the “In” and “Out” sections reported in Section 7, Boxes 7L and 7M). The value of substitutions must never be greater than the amount of the liquidations.</p> <p>NOTE: Since portable loans are permitted under the NHA MBS Program, and do not impact the amount of principal pass-through, the balance on ported loans are not to be reported on the CMHC 2840. However, a CMHC 2824 must be provided to the Custodian with the new CMHC account number.</p>
3F	<p>Adjustments</p> <p>This field is used to correct and reconcile payments due to the Investors, and must be explained in the Details Section of the CMHC 2840.</p>
3G	<p>Total Principal</p> <p>This is the aggregate of principal to be passed through to the Investors and is the sum of Boxes 3A, 3B, 3C, 3D, 3E and 3F.</p>

Box	Description of Required Content
3H	Annual Coupon The nominal annual coupon interest rate.
3I	Monthly Factor 10 Digits Effective monthly factor based on semi-annual compounding used to calculate the interest due to the Investor at the coupon rate. Ensure that a complete 10 digit factor is used.
3J	Cash Distribution of Interest due to Holders Enter the amount of monthly interest due to the Investors (security holders), calculated by multiplying the principal amount of securities from the previous report (Box 4G) by the monthly interest rate factor, (Box 3I). Interest due investors for the initial reporting period is calculated by multiplying the “Original Aggregate Amount of Pool at MBS Issue Date” as reported on the Schedule of Subscribers and Contractual Agreement, CMHC 2830, by the monthly interest rate factor.
3K	Interest Penalties Enter all prepayment interest penalties payable as provided for in the MBS Information Circular, CMHC 2834, related to additional principal payments and/or liquidations during the reporting period.
3L	Total Cash Distribution Due to Holders Enter the sum of Boxes 3G, 3J, and 3K. This total amount must be made available to the CPTA as required in the Program Guide.
3M	Principal Amount of Securities from Last Report Enter the principal amount of securities from Box 4G of the previous month’s report. On reports for the initial reporting month, enter the “Original Aggregate Amount of Pool at MBS Issue Date” as reported to CMHC on the Schedule of Subscribers and Contractual Agreement, CMHC 2830.
3N	Principal Distributed to Holders this Month Enter the total principal amount reported in Box 3G.

Box	Description of Required Content
	SECTION 4
4A to 4F	<p>Principal Balance Due on Securities (This Month End)</p> <p>Boxes 4A to 4F illustrate the principal due on the security balances as at the first of the month following the report month. For example, if the report period is for the month of May, boxes 4A to 4F will show the outstanding balances of the pooled loans by month of maturity after the June 1 mortgage principal payment has been deducted.</p> <p>The calculated pooled loan balances are fanned by month of maturity corresponding to the Mortgage Pool Profile at Issue Date on the CMHC 2834, page i, and entered in 4A to 4F. Box 4A should include any principal that may be maturing more than 5 months prior to maturity.</p>
4G	<p>Security Balance Total</p> <p>This box represents the total outstanding principal assuming that all scheduled payments have been made in accordance with the amortization schedule. It will equal the sum of boxes 4A to 4F.</p> <p>It should also equal Box 3M minus Box 3N.</p>
4H	<p>This box is intended to alert the dealer that there are actually more than 6 months of maturing principal.</p> <p>Enter a "1" to flag the pool in the event that a balloon payment will occur to liquidate a loan prior to 5 months before maturity. An explanation must be given in the Details/Explanation Section.</p> <p>Leave this field blank if all loans are maturing in the period specified in boxes 4A to 4F.</p>

Box	Description of Required Content
	SECTION 5
5A	<p>Mortgage Administration System Balance at Cut-Off Date Enter the total principal outstanding of all the mortgages in the pool, including all arrears at the cut-off date as per the Issuers Mortgage Administration System.</p> <p>Details/Explanations This box is provided to allow for information which clarifies or gives details to what is contained in Sections 2, 3, and 4. For example, details of any loans maturing more than 5 months prior to maturity, information on any multiple loan in arrears, explanation of adjustments made or any other occurrence where insufficient space is available to clearly indicate the expected reporting results.</p>
	SECTION 6 – LIQUIDATION SCHEDULE(S)
6A	<p>CMHC Account No. Enter the CMHC account number identifying the mortgage that is being liquidated.</p>
6B	<p>Date Removed Enter the date the mortgage loan is liquidated.</p>
6C	<p>Mortgage Interest Rate Enter the annual nominal mortgage interest rate that is applicable to the mortgage loan being liquidated, this rate being based on semi-annual compounding.</p>
	<p>Reason for Removal Liquidations result from the following events:</p>
	<p>Mortgagor Payoff Check this box if funds were received from the mortgagor to pay off the mortgage loan in full.</p>
	<p>Foreclosure Check this box if loan was liquidated due to the successful completion of a legal action. As per Chapter 4, Risks, Losses and Expenses – Losses Associated with Defaults, of this Guide, payment is made to the Investors notwithstanding that the issuer may not yet have recovered these monies through the claim process.</p>



Box	Description of Required Content
------------	--

	Portability
--	--------------------

	Check this box if the mortgagor has exercised the option to port the mortgage to another property and the loan has been removed from the pool. Refer to Section 3E concerning reporting requirements when there is no principal pass-through.
--	---

	Other
--	--------------

	Provide an explanation when a mortgage loan is liquidated for any reason other than those stated above. The explanation should be contained in the Details/Explanation box.
--	---

6D	Issuer's Loan No.
-----------	--------------------------

	Enter the Issuers' loan number identifying the mortgage that is being liquidated.
--	---

6E	Liquidation Balance
-----------	----------------------------

	Enter the principal of each loan liquidated during the reporting period. The amount is the outstanding principal balance of each loan being liquidated less the scheduled principal payment for the reporting period, any delinquent principal payments paid by the Issuer, and any interest penalties which are charged. It should reflect the amount which will be passed through to the Investors.
--	---

6F	Interest Penalties
-----------	---------------------------

	Enter any interest penalty owing to the Investor in accordance with the disclosure in the Information Circular, CMHC 2834, relating to the liquidation of a loan in the current reporting period.
--	---

Box 6F is equal to 3K.

Box	Description of Required Content
	<p>SECTION 7 – SUBSTITUTED MORTGAGES</p> <p>General: With the exception of Box 7C, each box in this section consists of two parts. The “In” section refers to the replacing mortgage while the “Out” section refers to the mortgage that is being liquidated.</p>
	<p>CMHC Account No.</p>
7A	<p>In</p> <p>Enter the CMHC loan number identifying the mortgage that is being added to the pool.</p>
7B	<p>Out</p> <p>Enter the CMHC loan number identifying the mortgage that is being deleted from the pool.</p>
7C	<p>Date Substituted</p> <p>Enter the date on which the loan was added to the pool.</p>
	<p>Mortgage Interest Rate</p>
7D	<p>In</p> <p>Enter the annual nominal mortgage interest rate that is applicable to the mortgage loan being added to the pool, this rate being based on semi-annual compounding.</p>
7E	<p>Out</p> <p>Enter the annual nominal mortgage interest rate that is applicable to the loan being deleted from the pool, this rate being based on semi-annual compounding.</p>
	<p>Issuer’s Loan No.</p>
7F	<p>In</p> <p>Enter the Issuer’s loan number identifying the mortgage that is being added to the pool.</p>
7G	<p>Out</p> <p>Enter the Issuer’s loan number identifying the mortgage that is being deleted from the pool.</p>
	<p>Remaining Amortization</p>
7H	<p>In</p> <p>Enter the remaining amortization period of the loan being added to the pool, expressed in months and converted to the monthly equivalent, if payments are other than once a month.</p>

Box	Description of Required Content
7I	Out Enter the remaining amortization period of the loan being deleted from the pool expressed in months and converted to the monthly equivalent if payments are other than once a month.
	Remaining Term
7J	In Enter the remaining term, in months, of the loan being added to the pool.
7K	Out Enter the remaining term, in months, of the loan being deleted from the pool.
	Balance at Substitution
7L	In Enter the balance of the loan being added to the pool.
7M	Out Enter the balance of the loan being deleted from the pool.

POWER OF ATTORNEY

THIS POWER OF ATTORNEY is given on _____,

by _____ (the "Issuer"), a company incorporated
under the laws of (jurisdiction of incorporation)

having its head office in the City of _____,

in the Province of _____.

THE ISSUER is an "Approved Issuer" pursuant to the Mortgage-Backed Securities Program ("MBS Program") made pursuant to the *National Housing Act* (Canada), as the same has been amended from time to time, has issued and may in the future issue mortgage-backed securities ("MBS") from time to time pursuant to the MBS Program and pursuant to the MBS Program has agreed to transfer to CANADA MORTGAGE AND HOUSING CORPORATION ("CMHC"), a company incorporated under the laws of Canada and having its head office in the City of Ottawa, in the Province of Ontario, all mortgages and related security made in connection therewith (collectively, the "Mortgage Pools") on which the MBS are based.

THE ISSUER hereby appoints CMHC to be its attorney in accordance with applicable laws and to do on its behalf all acts, deeds, or assurances for more effectually and completely assigning to and vesting in CMHC the Mortgage Pools and all the rights and benefits thereunder and for completing all assignments, filings and registrations necessary or appropriate with respect thereto including the right to prepare, execute and deliver on behalf of and as attorney for the Issuer all assignments and transfers to CMHC of all rights, title and interest of the Issuer in or under all documents relating or ancillary to the Mortgage Pools including without limitation, the following:

- (a) all mortgages in the Mortgage Pools;
- (b) all additional security obtained by the Issuer, or any other mortgagee or assignee of the mortgages and assigned to the Issuer, in connection with the mortgages in the Mortgage Pools, including without limitation, any assignment of lease, assignment of rents, general security agreement, chattel mortgage, registered or unregistered agreement amending the mortgages or additional security thereunder;
- (c) evidence of mortgage loan insurance with respect to each of the mortgages in the Mortgage Pools;
- (d) the report on title relied upon by the Issuer with respect to each of the mortgages in the Mortgage Pools; and
- (e) evidence of indemnity against fire and other standard insurable perils with respect to each of the mortgages in the Mortgage Pools;

and for completion and effecting of all notices, filings and registrations necessary or appropriate to effect or perfect such assignments.

Disponible en français



Canada

The Issuer confirms that any person interested in any of the property and assets of the Issuer described herein and any registrar may rely without further inquiry upon the execution of any document relating to any of the property and assets of the Issuer by CMHC as sufficient evidence of CMHC's authority to deal with such property and assets on behalf of the Issuer. The Issuer agrees that the execution of a document by CMHC relating to any of the Issuer's property and assets will be binding upon the Issuer to the extent of any interest that CMHC may have in such property and assets.

This Power of Attorney is irrevocable by the Issuer without the prior written consent of CMHC and will terminate upon delivery of a written release by CMHC of all of the rights and obligations hereunder.

The Issuer acknowledges and confirms that the powers of attorney granted herein are given for valuable consideration and are coupled with the interest of CMHC in the relevant property and assets of the Issuer from time to time. The Issuer declares that the powers of attorney granted herein may be exercised by CMHC during any subsequent incapacity of the Issuer and notwithstanding any proceedings or steps taken for or in relation to the insolvency, bankruptcy, liquidation, dissolution, winding-up or re-organization of, or appointment of a receiver or trustee for the Issuer.

If any power of attorney granted hereunder or any provision of this Power of Attorney is determined to be unenforceable under the laws of the applicable province or territory of Canada in which such Power of Attorney is being utilized or the laws of Canada applicable therein or any other applicable law, such power of attorney or provision, as the case may be, shall be construed as severable from the other powers or provisions, of this Power of Attorney applicable in such province or territory, and shall not affect the enforceability of the remaining powers or provisions hereof in such province or territory. In any other province or territory where such Power of Attorney is being utilized and where such power or provision is not determined by applicable law to be unenforceable, such power or provision shall continue to have full force and effect.

[NAME OF ISSUER]

_____ C/S



Canada

Power of Attorney – CMHC 2841

British Columbia

For each Issuer eight original Powers of Attorney are to be signed in black ink by an authorized officer(s) of the Issuer corporation under corporate seal (the seal should not encroach on any of the signatures) and witnessed by a notary public in the following manner:

(name of corp.) by its authorized signatory(ies)

(signature of Notary Public)

(print name)

(print name)
(address)
(professional capacity i.e.
Notary Public for Province
of Ontario)

(print name)

C/S

OFFICER CERTIFICATION: Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1979, c. 116, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

The Notary Public witnessing the signature of a person signing on behalf of the Issuer corporation is certifying that such person appeared before him/her and acknowledged that:

- (i) he/she is an authorized signatory of the Issuer corporation;
- (ii) he/she has been authorized by the Issuer corporation to execute the document;
and
- (iii) the Issuer corporation exists and is legally entitled to hold and dispose of land in British Columbia.



Alberta

For each Issuer, six original Powers of Attorney have to be signed by an authorized officer(s) of the Issuer corporation under corporate seal or with the following statement:

FORM 31.1
LAND TITLES ACT
(Section 152.3)

AFFIDAVIT VERIFYING CORPORATE SIGNING AUTHORITY

I, _____ of _____
make oath and say:

1. I am an officer or director of {here set out name of corporation} named in the within or annexed instrument.
2. I am authorized by the corporation to execute the instrument without affixing a corporate seal.

SWORN BEFORE ME at the _____)
of _____, in the Province)
of _____, this _____ day)
of _____, _____)
_____)
_____)
A NOTARY PUBLIC IN AND FOR THE)
PROVINCE OF _____)

(Signature)



Saskatchewan

For each Issuer, 16 original Powers of Attorney have to be signed by an authorized officer(s) of the Issuer corporation under corporate seal in the following manner:

In witness whereof the Issuer has executed this Power of Attorney under its corporate seal and the hands of its proper officers duly authorized in that behalf the _____ day of _____, _____.

(Name of Company)

Per: _____

Per: _____

If no corporate seal is used the signature must be witnessed and an Affidavit of Execution sworn in the following manner:

In witness whereof the Issuer has executed this Power of Attorney under the hands of its proper officers duly authorized in that behalf the _____ day of _____, _____.

(Name of Company)

(Witness)

Per: _____

Per: _____



CANADA

PROVINCE OF _____

TO WIT:

AFFIDAVIT OF EXECUTION

I, _____ of the City of _____, in the Province of _____, MAKE OATH AND SAY:

1. THAT I was personally present and did see _____, who is personally known to me, duly execute the within _____ for the purposes named therein.
2. THAT the same was executed at the City of _____, in the Province of _____, and that I am the subscribing witness thereto.
3. THAT the said _____ is the _____ of said Company and has the authority to sign the within document on behalf of _____.
4. THAT I know the said _____ and he is in my belief of the full age of eighteen years.

SWORN BEFORE ME at the City of _____,)
 in the Province of _____,)
 this _____ day of _____, _____)
) _____)
) print name)
) underneath)
) signature)
)

 A NOTARY PUBLIC in and for the)
 Province of _____.



Manitoba

For each Issuer, 14 original Powers of Attorney have to be signed by an authorized officer(s) of the Issuer corporation under corporate seal and witnessed by a notary public as follows:

In witness whereof, [name of Corporation] has hereunto affixed its corporate seal attested to by the signatures of its proper officer(s) in its behalf on the ____ day of _____, _____, in the _____ of _____, in the Province of _____.

(signature of Notary Public)

(signature)

(print name)

(address)

(professional capacity)

(print name)

(position/office)

(signature)

(print name)

(position/office)



1999-08-01

Ontario

For each Issuer, 180 original Powers of Attorney (on 8½" x 14" paper) have to be signed by an authorized officer(s) of the Issuer corporation under corporate seal or with the statement underneath the signature:

I/We have authority to bind the Corporation

Do not prepare these Power of Attorney back to back, the two pages must be on separate pages.



Canada

Nova Scotia

For each Issuer, 36 original Powers of Attorney have to be signed by an authorized officer(s) of the Issuer corporation under corporate seal, witnessed and sworn before a notary public by the witness as follows:

_____	(signature)
Subscribing Witness	_____
(print name)	(print name)
	(signature)

	(print name)

PROVINCE OF _____

On this ____ day of _____, _____, before me, the subscriber, personally came and appeared _____, the subscribing witness to the foregoing Indenture, who having been by me duly sworn, made oath and said that _____, one of the parties thereto, caused the same to be executed and its corporate seal affixed by its duly authorized officers and (s)he is the subscribing witness.

A Notary Public in and for the
Province of _____



Newfoundland

For each Issuer, two original Powers of Attorney have to be signed by an authorized officer(s) of the Issuer corporation under corporate seal and witnessed by a notary public (affixing his/her seal over his/her signature) in the following manner:

IN WITNESS WHEREOF the Common Seal of the Issuer was hereunto affixed in accordance with its rules and regulations in that behalf the day and year first before written.

THE COMMON SEAL of (name of Corp.) was hereunto affixed in the presence of:

(signature of Notary Public)

(print name)
(address)
(professional capacity)

(signature)

(print name)

(signature)

(print name)



Prince Edward Island

For each Issuer, six original Powers of Attorney have to be signed by an authorized officer(s) of the Issuer corporation under corporate seal, witnessed and sworn before a Notary Public in the following manner:

_____	(signature)
Subscribing Witness	_____
(print name)	(print name)
	(signature)

	(print name)



NOTARIAL CERTIFICATE OF OATH

I, _____, of _____, in the Province of _____, a Notary Public by lawful authority, duly authorized, commissioned and sworn, residing and practising at _____ aforesaid, DO HEREBY CERTIFY that on the _____ day of _____, _____, personally appeared before me, _____, of _____, in the Province of _____, and being sworn, testified that (s)he is a subscribing witness to the within written deed or writing, and that (s)he was present, and did see the same duly executed by _____ and _____, the proper signing officers of the Issuer therein named.

A NOTARY PUBLIC IN AND FOR
THE PROVINCE OF _____



New Brunswick

For each Issuer, 30 original Powers of Attorney have to be signed by two authorized officers of the Issuer corporation under corporate seal (on 8½" x 14" paper with 1½" wide blank margins – left, right, top and bottom) and affidavits of execution sworn before a notary public in the following form:

CANADA

PROVINCE OF _____

AFFIDAVIT OF EXECUTION

I, _____, of the _____ of
_____ and Province of _____, MAKE OATH
AND SAY:

1. THAT I am the _____ of _____, a duly incorporated company (the "Corporation"), and I have custody of the corporate seal of the Corporation and am duly authorized to make this affidavit on behalf of the Corporation.
2. THAT I am aware of all circumstances connected with the foregoing Power of Attorney (the "Power of Attorney") and have a personal knowledge of the facts herein deposed to.
3. THAT the _____ and _____ of the Corporation are authorized to execute documents in the name of and on behalf of the Corporation.
4. THAT the seal affixed to the Power of Attorney is the corporate seal of the Corporation and was so affixed by authority of the board of directors thereof.
5. THAT the signature " _____ " is the signature of _____, the _____ of the Corporation and the signature " _____ " is in the proper handwriting of me, this deponent.



6. THAT the said signatures were subscribed to the Power of Attorney and the corporate seal of the Corporation affixed thereto for the purpose of execution on behalf of the Corporation on the ____ day of _____, ____.

SWORN TO at the _____)
of _____ and Province)
of _____ this ____ day)
of _____, ____ .)
)
BEFORE ME:)
)
_____)
Notary Public in and for the)
Province of _____)
(affix seal)

Also for each Issuer, two original Powers of Attorney have to be signed by two authorized officers of the Issuer corporation **under corporate seal** and affidavits of execution sworn before a notary public in the following form:

FORM 45

AFFIDAVIT OF CORPORATE EXECUTION

Land Titles Act, S.N.B. 1981, c. L-1.1, s.55

I, _____ deponent, of _____ address _____,
occupation of other identification _____, make oath and say:

1. That I am the _____ office of _____ corporation, and am authorized to make this affidavit and have personal knowledge of the matters hereinafter deposed to;
2. That the attached instrument was executed by (_____ name _____ as _____ office and) me as _____ office, and _____ I was or we were _____ duly authorized to execute the instrument on behalf of the corporation;
3. That the seal of the corporation was affixed to the instrument by order of the Board of Directors of the corporation;



4. That the instrument was executed at _____ place _____ on _____ date _____;
5. That the ownership of a share of the Corporation does not entitle the owner thereof to occupy any parcel of land as a matrimonial home.

SWORN TO at _____ Place _____)
on _____ month _____, day _____, _____,)
before me: _____)
_____)
_____)
_____)
_____)
_____)
Commissioner, etc. _____)

_____ Deponent _____



Yukon

For each Issuer, two original Powers of Attorney have to be signed by an authorized officer(s) of the Issuer corporation under corporate seal or with the following affidavits attached:

CANADA)
)
YUKON TERRITORY) AFFIDAVIT OF EXECUTION
)
TO WIT:)

I, _____, of the City of _____, in
the _____, MAKE OATH AND SAY:

1. THAT I was present and did see the within instrument duly signed and executed by _____, the party thereto, for the purposes named therein.
2. THAT the within instrument was executed at the City of _____ aforesaid.
3. THAT I know the said party and s/he is of the full age of 19 years.
4. THAT I am the subscribing witness to the said instrument and am of the full age of 19 years.

SWORN BEFORE ME at the city of _____)
 in the _____)
 this _____ day) _____
of _____, _____)
)
_____)
A Notary Public in and for)
the _____)



ACKNOWLEDGEMENT OF OFFICER OF CORPORATION

I HEREBY CERTIFY that on _____, _____, at the
City of _____, in the _____ who is/are
personally known to me appeared before me and acknowledged to me that
_____ is/are _____ of
_____ and that _____ name(s) on behalf of the Corporation to the within
Instrument, that _____ was/were authorized to subscribe
_____ name(s) and that the Corporation exists at the date the within Instrument
was executed by the Corporation.

IN TESTIMONY WHEREOF I have
hereunto set my hand and seal
of office at the City of _____
in the _____, on _____
_____, _____.

A Notary Public in and for the



Northwest Territories

For each issuer, two original Powers of Attorney have to be signed by an authorized officer(s) of the Issuer corporation under corporate seal or with the following affidavits attached:

CANADA)
)
 NORTHWEST TERRITORIES) AFFIDAVIT OF EXECUTION
)
 TO WIT:)

I, _____, of the City of _____, in the _____, MAKE OATH AND SAY:

1. THAT I was present and did see the within instrument duly signed and executed by _____, the party thereto, for the purposes named therein.
2. THAT the within instrument was executed at the City of _____ aforesaid.
3. THAT I know the said party and s/he is of the full age of 19 years.
4. THAT I am the subscribing witness to the said instrument and am of the full age of 19 years.

SWORN BEFORE ME at the City of _____)
 in the _____)
 this _____ day _____) _____
 of _____, _____)
 _____)
 A Notary Public in and for _____)
 the _____)



AFFIDAVIT VERIFYING
CORPORATE SIGNING AUTHORITY

CANADA) I, _____, of the
NORTHWEST TERRITORIES) City of _____ in the _____
TO WIT:) _____, MAKE OATH AND SAY
) THAT:
)

1. I am an officer of _____ named in the within instrument.
2. As an officer of the corporation, I am authorized by the corporation to execute the instrument without affixing a corporate seal.

SWORN BEFORE ME at the City of _____)
, in the _____ of _____)
, this _____ day of _____) _____
, _____ .)
)
)

A Notary Public in and for the _____)
)



Part E – Reference Material

What's inside...

Appendix 1	NHA Mortgage-Backed Securities Certificate
Appendix 2	Rules on Mortgage-Backed Securities Marketing and Trading
Appendix 3	Remittance Advice and Sample Cheque
Appendix 4	National Housing Act
Appendix 5	National Housing Loan Regulations
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Appendix 7	Net Worth
Appendix 8	CPTA Fees and Charges
Appendix 9	Mortgage Formulas, Accounting Conventions and Test Pool Data

Appendix 1 – NHA Mortgage-Backed Securities Certificate

CMHC Pool No.:	CUSIP	Certificate No.:
Date of Issue:	Registered Owner:	Initial Certificate Principal Amount:
Date of Maturity:	Issuer:	Initial Aggregate Principal Amount of Pool:
Date of Final Payment:		
Interest Rate (Calculated semi-annually not in advance):		Weighted Average Mortgage Amortization:

Canada Mortgage and Housing Corporation hereby guarantees the timely payment of the principal and interest set forth in this instrument in accordance with the terms and conditions of that instrument, pursuant to the powers given to it by the National Housing Act. It is certified that no provision of any law or contract adversely affects the rights of the owner of this certificate to the benefit of this guarantee. The Revised Statutes of Canada 1985, Chapter N-11, as amended by Revised Statutes of Canada, 1985, First Supplement Chapter 8, Second Supplement Chapter 20, Third Supplement Chapter 18, Fourth Supplement Chapter 25, contains the following:

Section 4 provides that:
“Every right or obligation acquired or incurred by the Corporation under this Act, whether in its name or in the name of Her Majesty, is a right or obligation of Her Majesty.”

Section 14 provides that:
The Corporation may guarantee payment of any or all principal or interest, or both, in respect of securities issued on the basis of housing loans.



Appendix 1 – NHA Mortgage-Backed Securities Certificate

This Certificate is not Valid unless countersigned

Dated:

Countersigned and Registered:
Montreal Trust
Central Payor and Transfer Agent

CANADA MORTGAGE AND HOUSING
CORPORATION

per

Authorized signature

President Senior Vice-President

Transferable at the principal office of Montreal Trust in Halifax, Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver

The Issuer has segregated a number of mortgage loans insured by Canada Mortgage and Housing Corporation (hereinafter called “CMHC”) pursuant to the National Housing Act into a mortgage loan pool identified by the number shown on the face hereof (hereinafter called “the Pool”).

This certificate, on the date of its issue, represents an investment in the Pool by the aforementioned Investor and registered assigns (hereinafter called “the Holder”) of the amount shown on the face hereof, and represents an undivided beneficial interest of the Holder in the Pool.

The aggregate of the initial principal amount of all the certificates composing this issue is equal to the initial aggregate principal amount of the mortgage loans in the Pool at the date of issue. The proportion between the initial principal amount of this certificate and the initial aggregate principal amount of the mortgage loans in the Pool at the date of issue determines the undivided share the Holder owns of the Pool and determines the share due to the Holder of all amounts of principal and interest recovered or due on the mortgages in the Pool.

All the mortgage loans composing the Pool have now been assigned by the Issuer to CMHC.



Appendix 1 – NHA Mortgage-Backed Securities Certificate

A Central Payor and Transfer Agent (hereinafter called the “CPTA”) has been retained by CMHC to keep a Register of the ownership of the certificate and to issue payment to the Holder thereof on their due dates. CMHC will put the CPTA in funds at all times on request for that purpose.

By the terms of its agreement with CMHC, the Issuer will administer or cause to be administered the pooled mortgages. The Issuer will remit monthly to the CPTA the payments of principal and interest accrued and due on the pooled mortgages. However, the Issuer, as payment for its services, will be entitled to deduct and retain from the amount of interest accrued on the pooled mortgages a fee equal to the difference between the amount of interest accrued on the pooled mortgages and the amount of interest payable to the Holder at the rate specified on the certificate.

CMHC, as agent for Her Majesty in right of Canada, by its guarantee set out on the face hereof, guarantees to the Holder that the amounts due on the certificate will be remitted to the Holder on their due dates even if the corresponding amounts have not been paid and collected in respect of the Pool.

The Holder will receive the share relative to this certificate of any amounts received over and above the scheduled amounts from the mortgagors. Such amounts may be received from time to time by way of prepayments or other payments consistent with the provisions of the mortgage documents and shall be remitted to the Holder on the due date of the month following its receipt from the mortgagor.

Payments on this certificate will be made in monthly instalments and shall be applied first to interest accrued at the fixed rate shown on the face hereof and then in reduction of the principal balance outstanding at the time. Such payments shall continue until payment in full has been made of the principal amount and of all interest payable in accordance with the terms herein. The total outstanding may in no circumstances be called for payment before the maturity date on the face hereof but on that maturity date the total outstanding will automatically become payable to the Holder.

The maturity date as set out in the face hereof may be superseded by an earlier maturity date if the final payment on the last outstanding mortgage(s) in the Pool occurs earlier than provided for at the issue date: the Holder will be notified promptly.



Appendix 1 – NHA Mortgage-Backed Securities Certificate

Until the maturity date, the CPTA shall remit, to the Holder whose name appears on the CPTA's Register on the last day of the month immediately preceding the month of the respective payment, all payments required under this certificate by the fifteenth (15th) day of each calendar month. The first such payment will be made in respect of the month in which the Date of Issue hereof occurs and payment will continue to be made until payment in full has been made of all amounts owing under this certificate. Remittances shall be made by the CPTA to the Holder and final payment shall be made only upon surrender of this certificate. No interest will accrue beyond the maturity date of this certificate.

This security is fully transferable and assignable but only on the Register maintained by the CPTA. The Holder or his duly authorized representatives may transfer ownership or obtain the denominational exchange of this certificate on the Register, upon surrender of this certificate to the CPTA, if the security is duly endorsed by the Holder using the form of assignment hereon (or any other instrument of transfer or assignment acceptable to CPTA). A service charge in an amount determined by the CPTA shall be imposed for any registration of transfer or assignment or denominational exchange of a certificate and a payment sufficient to cover any tax or governmental charge in connection therewith may also be required.

This certificate does not evidence any recourse that the Holder might exercise against the Issuer. In the event of any failure, delay or default under the terms of this certificate, the Holder will have recourse to CMHC as provided in its guarantee set out on the face hereof.

The CPTA indicated on the face hereof has been authorized by the Issuer and CMHC to countersign the certificate and the guarantee set out on the face hereof on their behalf and to maintain a Register of all transfers of the certificates in this issue and to make all payments made pursuant to their provisions.



Appendix 1 – NHA Mortgage-Backed Securities Certificate

Form of Assignment

FOR VALUE RECEIVED I _____ hereby sell(s), assign(s) and transfer(s) unto

Assignee name, address and Social Insurance Number

all my right, title and interest in and to the within Certificate; and hereby constitute and appoint the said

my attorney irrevocable in the premises to do and perform all acts, matters and things relating to the Certificate in the same manner as I myself could do.

Dated:

By _____
Signature (and title if Holder is a corporation)

Witness _____

Notice: The signature of the individual Holder or the name of the corporate Holder must correspond with the name as written upon the face of the within Certificate in every particular without alteration or enlargement or any change whatsoever.



Appendix 2 – Rules on Mortgage-Backed Securities Marketing and Trading

I. General

This Appendix supplements the Securities Marketing and Trading Requirements, Chapter 9 of the Guide and sets forth basic securities marketing and trading rules established by CMHC. The observance of these rules is a condition with which each Issuer must comply if it does not wish to be excluded from participation in the NHA Mortgage-Backed Securities Program. The rules are intended to assure that Issuers will carry out their marketing and trading activities under the Program in a manner consistent with prudent business practices and with the capacity of their firms and of their counterparts in the market.

II. Definitions

In this Appendix, the following terms have the indicated meanings:

- (1) “Securities” means any security guaranteed by CMHC pursuant to Section 14 of the National Housing Act.
- (2) “Settlement Date” means the date agreed upon by the parties to a transaction for the full and final payment of funds and delivery of securities or the date on which the parties make full and final payment of funds and delivery of securities.
- (3) “Trade Date” means the date on which the parties to a transaction agree to the purchase or sale of securities, regardless of the date on which the securities are to be delivered or the right to deliver them may be exercised.
- (4) “Final Pricing Date” means the date at which all mortgages in committed pools shall be fully funded and the Issuer will have available a complete and final description of the mortgages supporting these pools. Such description shall include all details required in the CMHC information circular.
- (5) “Spot Transaction” means a transaction where all the requirements of the Final Pricing Date can be met immediately by the Issuer.
- (6) “Delayed Delivery Transaction” means a transaction for the purchase or sale of one or more Mortgage-Backed Securities Certificates to be delivered at an agreed future settlement date with a trade date prior to the final pricing date. Such transactions can be structured in at least three different forms:



Appendix 2 – Rules on Mortgage-Backed Securities Marketing and Trading

- (a) “Forward Contract” means a contract for the purchase or sale of one or more Mortgage-Backed Securities Certificates to be delivered at an agreed settlement date and at a specified yield agreed to prior to the final pricing date.
- (b) “Spread Contract” means a contract for the purchase or sale of one or more Mortgage-Backed Securities Certificates to be delivered at an agreed settlement date and to be priced at the final pricing date, based upon a specific yield spread relationship with Government of Canada bond, or yields of other investment vehicles, as clearly specified in the contract.
- (c) “Capped Spread Contract” means a spread contract with the added feature that the pricing is subject to a maximum and/or minimum all-in yield to the Issuer and/or underwriter.

III. Suitability of Issuer Marketing and Trading Transaction

An Issuer shall enter into agreements to purchase or sell securities only to the extent the transactions are suitable for the Issuer in view of its financial capacity and existing contractual obligations, including contracts with CMHC. An Issuer shall not enter into any agreement to purchase or sell securities if the result of the transaction could materially jeopardize the Issuer’s ability to continue to satisfy CMHC’s basic net worth requirements or the Issuer’s ability to continue to administer its outstanding securities.

IV. Prudent Business Practices

Issuers are required to exercise sound and prudent business practices in the marketing and trading of securities. The following rules apply to Issuers’ direct relationships with all Investment Dealers, individuals, corporations, trust, and other entities to which the Issuer delivers, or makes commitments to deliver or purchase securities.

Issuers must make provisions for the management elements listed below* to assure prudent business practices in the issuance of, and in the making of commitments relating to, securities.

*Section (1) (a), (b), (c) and (d) of this part do not apply if the Issuer is dealing with members of a recognized self-regulatory organization (S.R.O.) in the Canadian securities industry or a Canadian financial institution regulated under Federal or Provincial statutes.



Appendix 2 – Rules on Mortgage-Backed Securities Marketing and Trading

- (1) Procedures must be established by Issuers to provide the basis for determining the financial integrity of the securities Dealers and Investors with whom they conduct business, and to assure that relationships with Dealers and Investors are carried out in a business-like manner. These procedures must be in written form and be provided to all members of the Issuer firm empowered to make commitments to deliver or acquire securities.

The procedures must include standards for, and steps to be taken in determining the financial capacity of Dealers or Investors to complete a transaction and in determining the business reputation of the Dealers or Investors. While CMHC does not prescribe specific procedures, it is recommended that Issuers do the following as a minimum:

- (a) Obtain and review audited financial statements with a view toward assuring the adequacy of the Dealer's or Investor's capital.
 - (b) Obtain financial and business references on the Dealer's or Investor's firm.
 - (c) Obtain a general resolution of the Board of Directors (or other governing body) of the Dealer's or Investor's firm designating the specific individuals associated with the Dealer or Investor who are authorized to carry out transactions in securities.
 - (d) Know and understand the standard business practices and trading ethics encouraged by the securities industry. Determine whether the firms under review follow these practices.
- (2) Procedures must be taken to assure delivery against delayed delivery transactions. When mortgages are not funded at time of the commitment, the Issuer will be responsible for fulfilling his commitment if the mortgages do not fund.
- (3) Internal management controls must be established to assure coordination of forward delivery contract activities, but also control on the Issuer's market positions, and on the competence and integrity of staff. The controls which the Issuer must have or put in place include the following:
- (a) The Board of Directors of the Issuer must execute a resolution designating a key person or persons responsible for the overall supervision and coordination of Issuer activities relating to the marketing and trading of securities, including the maintenance of records on such activities.



Appendix 2 – Rules on Mortgage-Backed Securities Marketing and Trading

- (b) In addition, the Issuer must have a procedure for designating the specific individuals authorized to make commitments involving purchases or sales of securities in the name of the Issuer. The key person(s) must maintain a list of such authorized individuals. Only such designated person(s) shall be permitted to enter into agreements on behalf of the Issuer to make commitments to deliver or to acquire securities.
- (c) Records must be established and maintained on a current basis for all commitments entered into to deliver or to acquire securities. Such records shall include at a minimum for each transaction:
- 1) Trade date.
 - 2) Description of securities.
 - 3) Nature of transaction: spot or forward.
 - 4) Settlement date.
 - 5) Original principal amount of securities.
 - 6) Interest rate on the securities.
 - 7) Maturity date of securities.
 - 8) “Price” of the securities (per \$100 of original principal).
 - 9) Remaining principal balance (RPB) factor.
 - 10) Accrued interest.
 - 11) Total settlement amount.
 - 12) Name of the firm and individual with whom the transaction was executed.
 - 13) Current market price.
 - 14) Prepayment provisions.
- (d) In addition, the records must include with respect to an Issuer’s aggregate open transactions in securities:

The Issuer’s “net position”. The specific definition of “net position” is left to the Issuer; however, it should include securities closed and held for sale, plus those expected to be acquired, less commitments the Issuer has available for disposing of loans and securities. The Issuer’s “net position” must be calculated and recorded at least once each week.



Appendix 2 – Rules on Mortgage-Backed Securities Marketing and Trading

- (e) Establish and record all of the terms and conditions of each delayed delivery contract entered into. Check all confirmations to assure they are complete.
- (f) All of the above records must be maintained for a period in accordance with established procedures for comparable records, but for no less than one year from the date the sale or purchase is actually completed, or the transaction is otherwise terminated.

V. Trading, Contracting and Settlement Rules

The following are rules established by the Investment Dealers Association. All Issuers are subject to these rules when trading in the secondary markets. The following rules shall apply to Trading, Contracting and Settlement (unless otherwise agreed to):

(1) Trading

- (a) Regular transaction shall be entered into for delivery on the 3rd clearing day after the transaction takes place, unless transacted during a “commitment period” (see item (b) below).
- (b) A “commitment period” shall extend from the 3rd clearing day before month-end to the 1st clearing day on or before the 5th business day of the following month (inclusive).
- (c) All transactions during a “commitment period” shall be entered into for delivery on or after the 5th business day of the month.

(2) Contracting

- (a) All securities transactions shall be expressed based on the original principal amount of the securities (i.e. original face amount) at the time the mortgage pool was originally issued.
- (b) All confirmations (except as noted in paragraph (2) (c) below) shall show the following details:
 - (1) Trade date (i.e. date transaction is entered into).
 - (2) Original principal amount of the trade.
 - (3) Description of the security (including interest rate and maturity date).
 - (4) Remaining Principal Balance Amount (RPB) factor.



Appendix 2 – Rules on Mortgage-Backed Securities Marketing and Trading

- (5) Purchase or sale price per \$100 of original amount.
- (6) Accrued interest.
- (7) Total settlement amount.
- (8) Settlement date.

Note: Until the necessary computer system changes can be implemented, the purchase or sale price per \$100 (item (5) above) may be shown as the net result of (4) x (5). Items (4) and (5) should then be disclosed separately on the confirmation.

- (c) Confirmation shall be issued on the following basis for transactions entered into from the 3rd clearing day before month-end to the 5th business day of the following month (inclusive):

- (1) A preliminary “confirmation” shall be issued showing all details as described in items (b) above, EXCEPT that the following details will NOT be shown:
 - (4) Remaining Principal Balance Amount (RPB) factor.
 - (6) Accrued Interest.
 - (7) Total settlement amount.

This preliminary “confirmation” shall indicate that these items cannot yet be determined and that a final confirmation will be issued as soon as these details are available.

- (2) After the Remaining Principal Balance Amount factor for the transaction is available from the Central Payor and Transfer Agent (CPTA), a final confirmation shall be issued which will show ALL details as described in item (b) above.

(3) Settlement

- (a) Securities will be eligible for the Central Depository for Securities (CDS) book based system.
- (b) All deliveries of securities shall be completed on the book system unless mutually agreed to by both the deliverer and the receiver.



Appendix 2 – Rules on Mortgage-Backed Securities Marketing and Trading

VI. Reports to CMHC

Issuers must be prepared to report to CMHC, upon demand by CMHC, on their compliance with the requirements of this Appendix. The call for such reports may be made by any authorized representative of the President of CMHC and may be delivered by mail or to the Issuer's offices. Reports requested by CMHC may include, but are not limited to, the following:

- (1) Procedures established to determine the financial capacity of Dealers and Investors, including an explanation of standards for, and steps taken in, determining the financial capacity of Dealers or Investors to complete transactions.
- (2) The names of key persons and other individuals authorized to make commitments involving securities.
- (3) Copies of the resolutions designating the key persons.
- (4) Records of all securities transactions and of "net position", including all the information identified in Section IV. (3) (c) and (d) above.
- (5) Copies of delayed delivery contracts and records.

Information on securities transactions may contain data which the Issuer does not wish to be disclosed to the public. Accordingly, an Issuer may identify data which it regards as confidential, commercial or financial information, through the use of the legend set forth below. In responding to an Access to Information Act request for information covered by a legend, CMHC will honour the Issuer's desire for confidentiality to the extent permitted by law.

"The information contained in page(s) _____ of this report is considered by the Issuer as financial, commercial or technical information supplied to a government institution by the Issuer and is treated consistently in a confidential manner by the Issuer. The disclosure of any such information in its opinion could reasonably be expected to result in material financial loss to the Issuer or to prejudice its competitive position or interfere with contractual or other negotiations in which it is or may become involved. Therefore, the Issuer does not consent to the disclosure of this report to the public. The Issuer understands that:

- (a) CMHC will make every effort to honour this legend in responding to any Access to Information Act request for materials covered by the legend;



Appendix 2 – Rules on Mortgage-Backed Securities Marketing and Trading

- (b) Notwithstanding the above, CMHC must independently determine whether disclosure of any such material is necessary in light of the requirements of the Access to Information Act; and
- (c) CMHC will disclose any and all requested material covered by an Issuer’s legend if it determines that such disclosure is required by the Access to Information Act.”

VII. Report to Central Payor and Transfer Agent

Issuers shall deliver all required information on pools (whether sold publicly or not) to the CPTA, Telerate and the IDA.

VIII. Failure to Comply

Failure by an Issuer to comply with the requirements of this Appendix is sufficient basis for CMHC, at its option, to withhold from the Issuer further approvals to issue NHA Mortgage-Backed Securities.



Appendix 3 – Remittance Advice and Sample Cheque

The Central Payor and Transfer Agent will provide each security owner with a remittance advice. This advice will be transmitted with the monthly cheque and will contain the following information:

- applicable date of payment
- reference number for the applicable mortgage pool
- CUSIP number for the applicable mortgage pool
- cash distribution due owner for principal amortization
- cash distribution due owner for interest
- total cash distribution due security owner
- outstanding balance on the security holding following reconciliation of the above amounts
- any explanation required in regard to the above items.

An example of the MBS cheque and remittance advice is illustrated on the following page.



Appendix 3 - Remittance Advice and Sample Cheque

NHA MORTGAGE-BACKED SECURITIES		TITRES HYPOTHÉCAIRES LNH	
<small>Timely payments guaranteed under the National Housing Act</small>		<small> Paiements ponctuels garantis aux termes de la Loi nationale sur l'habitation</small>	
	<small> Société canadienne d'hypothèques et de logement</small>		159503
Pay/ Payez	Dollar and dollars et		Cents
			<small>Montreal Trust Company of Canada Central Payor and Transfer Agent</small>
To the order of A Fondeur de	CANCELLED		
<small>The Bank of Nova Scotia 44 King Street West Toronto, Ontario M5H 1H3</small>			
<small>Authorized Signature/ Signature autorisée</small>			
⑆ 159503⑆ ⑆80002⑆002⑆ 02465⑆14⑆			

NHA MORTGAGE-BACKED SECURITIES		TITRES HYPOTHÉCAIRES LNH	
<small>Timely payments guaranteed under the National Housing Act</small>		<small> Paiements ponctuels garantis aux termes de la Loi nationale sur l'habitation</small>	
	<small> Société canadienne d'hypothèques et de logement</small>		159503
<small>POOL</small>	<small>CUSIP</small>	<small>PRINCIPAL PAYMENT</small>	<small>INTEREST PAYMENT</small>
<small>BLOCS</small>	<small>CUSIP</small>	<small>VERSEMENT DE CAPITAL</small>	<small>VERSEMENT DES INTÉRÊTS</small>
			<small>NET PAYMENT PAIEMENT NET</small>
			<small>OUTSTANDING BALANCE</small>
MONTREAL TRUST COMPANY OF CANADA Central Payor and Transfer Agent			<small>TOTAL PAYMENT PAIEMENT TOTAL</small>



**Appendix 4 – National Housing Act
prior to its amendment in June 1999**

(these provisions are to continue to apply under the MBS Program as if they were still part of the NHA)

PART I.1

GUARANTEES OF SECURITIES BASED ON INSURED LOANS

Definitions

21.1 In this Part,

“issuer” means a person who issues mortgage-backed securities as described in paragraph 21.2(1)(b); (“émetteur”)

“investor” means a holder of a mortgage-backed security issued as described in paragraph 21.2(1)(b); (“investisseur”)

“mortgage pool” means the loans and security on the basis of which any issue of mortgage-backed securities as described in paragraph 21.2(1)(b) is made; (“bloc de créances hypothécaires”)

“prescribed” means prescribed by regulation; (Version anglaise seulement) R.S.C. 1985 (4th Supp.), c. 25, s. 17

“representative”, in respect of investors, includes a trustee for the investors. (“représentant”) R.S.C. 1985 (1st Supp.), c. 8, s. 1.

Guarantee

21.2

(1) Where, in prescribed circumstances,

- (a) a person is entitled to the beneficial interest in any insured loans together with the security taken in respect of those loans, and
- (b) on the basis of the loans and security, the person issues mortgage-backed securities in an aggregate principal amount not exceeding the aggregate amount of principal outstanding on the loans,



**Appendix 4 – National Housing Act
prior to its amendment in June 1999**

(these provisions are to continue to apply under the MBS Program as if they were still part of the NHA)

the Corporation may, subject to and in accordance with any regulation of the Governor in Council, on application made by that person and in consideration of the payment of a fee determined by the Corporation, enter into a contract with that person to give to the investors or their representative a guarantee by which the Corporation undertakes to make payments of principal and interest in respect of any such securities, in default of timely payment on the part of the issuer, to investors or their representative.

Terms of Contract

(2) The terms of a contract entered into under subsection (1) shall

- (a) require that the issuer assign to the Corporation, in the manner stipulated by the contract, as security enforceable in the event of default referred to in subsection (1), any mortgage pools on the basis of which mortgage-backed securities are issued by the issuer; and
- (b) provide for prescribed matters and such other matters as the Corporation may deem necessary or desirable to give effect to the purposes or provisions of this Part.
R.S.C. 1985 (1st Supp.), c. 8, s. 1.

Mortgage-Backed Securities Guarantee Fund

21.3

(1) The Corporation shall establish a fund to be known as the Mortgage-Backed Securities Guarantee Fund, in this section called the “Fund”, into which shall be paid all revenue received by the Corporation under this Part.

Fund assets

(2) Property acquired by the Corporation under this Part, the revenue derived from the Corporation’s business under this Part and investments of the Fund shall be assets of the Fund.

(3) and (4) [Repealed, 1992, c. 32, s. 26]

Payments out of Fund

(5) The Corporation shall pay out of the Fund the costs and expenses incurred and the payments made by it in carrying on business pursuant to this Part.



**Appendix 4 – National Housing Act
prior to its amendment in June 1999**

(these provisions are to continue to apply under the MBS Program as if they were still part of the NHA)

- (6) [Repealed, 1992, c. 32, s. 26]
R.S., 1985, c. 8 (1st Supp.), s. 1, c. 25 (4th Supp.), s. 18; 1992, c. 32, s. 26.

Regulations

21.4

(1) The Governor in Council may make regulations

- (a) defining the expression “mortgage-backed security” for the purposes of this Part;
- (b) prescribing any terms and conditions to which entering into a contract or giving a guarantee pursuant to subsection 21.2(1) shall be subject, including any requirement that the guarantee shall be executed on the part of investors by their representative;
- (c) governing the determination of fees pursuant to subsection 21.2(1);
- (d) prescribing documents to be made, issued or used for the purposes of this Part, the form thereof and information to be contained and matters to be stipulated therein;
- (e) prescribing the procedure, and authorizing the Corporation to charge fees, for receiving and dealing with applications made pursuant to subsection 21.2(1);
- (f) prescribing the manner of determining any fees authorized pursuant to paragraph (e);
- (g) prescribing the minimum and maximum aggregate principal amounts of issues of mortgage-backed securities in respect of which paragraph 21.2(1)(b) applies;
- (h) prescribing the minimum and maximum principal amounts in which mortgage-backed securities may be issued for the purposes of subsection 21.2(1); and
- (i) providing for any matter that he deems necessary or advisable to carry out the purposes or provisions of this Part. R.S.C. 1985 (1st Supp.), c. 8, s. 1.

Forms

(2) The Corporation may establish or approve forms for the purposes of this Part. R.S.C. 1985 (1st Supp.), c. 8, s. 1, (4th Supp.), c. 25, s. 19.



**Appendix 4 – National Housing Act
prior to its amendment in June 1999**

(these provisions are to continue to apply under the MBS Program as if they were still part of the NHA)

Aggregate Maximum

21.5

Notwithstanding anything in this Act, the aggregate principal amount of all issues of mortgage-backed securities in respect of which guarantees have been given under subsection 21.2(1) shall not exceed the amount referred to in Section 21. R.S.C. 1985 (1st Supp.), c. 8, s. 1.



**Appendix 5 – National Housing Loan Regulations
prior to its amendment in June 1999**

(these provisions are to continue to apply under the MBS Program as if they were still part of the NHA)

PART I.2

(under Part I.1 of the Act)

[This part added by SOR/86-43, s. 1]

GUARANTEES OF MORTGAGE-BACKED SECURITIES

Interpretation

49.37

For the purposes of Part I.1 of the Act, “mortgage-backed security” means a certificate of an issuer representing an undivided interest in a mortgage pool. SOR/86-43, s. 1.

Prescribed Circumstances

49.38

For the purposes of subsection 21.2(1) of the Act, the following circumstances are prescribed: [SOR/90-314, s. 34, item 10]

- (a) the applicant has the experience, management capability and facilities necessary to issue mortgage-backed securities;
- (b) unless the applicant is an agent of Her Majesty in right of Canada or is the government of a province or an agent thereof, the net worth of the applicant is not less than the total of: [SOR/90-314, s. 30]
 - (i) three million dollars, and
 - (ii) an amount equal to two per cent of the sum of
 - (A) the aggregate principal amount of the mortgage-backed securities that are the subject of the application, and
 - (B) the principal balance outstanding on any mortgage-backed securities that were previously issued by the applicant and that are the subject of a contract, referred to in subsection 21.2(1) of the Act, that was entered into prior to the application referred to in clause (A); [SOR/90-314, s. 34, item 10]



**Appendix 5 – National Housing Loan Regulations
prior to its amendment in June 1999**

(these provisions are to continue to apply under the MBS Program as if they were still part of the NHA)

- (c) there is no default under any loans or security on the basis of which the mortgage-backed securities are to be issued; and
- (d) the aggregate amount of principal outstanding on the loans on the basis of which the mortgage-backed securities are to be issued is not less than two million dollars.
SOR/86-43, s. 1.

Prescribed Matters

49.39

For the purposes of paragraph 21.2(2)(b) of the Act, the following matters are prescribed:
[SOR/90-314, s. 34, item 11]

- (a) the rate of interest stipulated in each mortgage-backed security is not less than one-half of one per cent below the lowest rate of interest stipulated in the loans on the basis of which the mortgage-backed securities are issued;
- (b) the aggregate principal amount of the mortgage-backed securities and the amount of principal outstanding on the loans on the basis of which the mortgage-backed securities are issued are, at the date of issue of the securities, equal;
- (c) the maturity date of each loan in the mortgage pool on the basis of which the mortgage-backed securities are issued is not earlier than six months before the maturity date of the mortgage-backed securities; SOR/90-314, s. 31(1)
- (d) the principal amount of each mortgage-backed security is \$5,000 or a multiple of \$5,000 except where the aggregate principal amount of the mortgage-backed securities issued is not a multiple of \$5,000, in which case one mortgage-backed security may be for an amount of less than \$5,000;
- (e) the issuer shall maintain at all times during the contract at least the net worth referred to in paragraph 49.38(b);
- (f) [Revoked, SOR/90-314, s. 31(2)]
- (g) the issuer shall give to the Corporation, and maintain at all times for the duration of the contract, assurances satisfactory to the Corporation that the issuer will perform its fiduciary responsibilities; SOR/90-314, s. 31(2)



**Appendix 5 – National Housing Loan Regulations
prior to its amendment in June 1999**

(these provisions are to continue to apply under the MBS Program as if they were still part of the NHA)

- (h) the issuer shall engage a custodian acceptable to the Corporation to
 - (i) maintain custody of the mortgage pool and of the documents associated with the mortgage pool, and
 - (ii) perform other responsibilities in relation to the mortgage pool as may, with the approval of the Corporation, be provided for in an agreement between the custodian and the issuer;
- (i) the issuer shall, at the request of an authorized representative of the Corporation,
 - (i) make available any books, records or accounts of the issuer that relate to the guarantee of the mortgage-backed securities, and
 - (ii) cause to be made available any books, records or accounts of any mortgage servicer, custodian, agent or other person that relate to the guarantee

for inspection by an authorized representative of the Corporation during the business hours of the issuer or a person referred to in subparagraph (ii);

- (j) the actions, set out in subsection 49.4(1) to be taken by the Corporation where the issuer fails
 - (i) to make timely payment under a mortgage-backed security, or
 - (ii) to take such steps as are necessary to remedy, within such time as the Corporation may specify in a notice to the issuer, any breach of the terms or conditions of the contract referred to in subsection 21.2(1) of the Act; and [SOR/90-314, s. 34, item 12]
- (k) the issuer shall forthwith comply with any direction of the Corporation to the issuer pursuant to paragraph 49.4(1)(a). SOR/86-43, s. 1.

Actions of the Corporation

49.4

- (1) Where an issuer fails to make timely payment under the mortgage-backed security or fails to take the steps referred to in subparagraph 49.39(j)(ii), the Corporation shall take one or both of the following actions:



**Appendix 5 – National Housing Loan Regulations
prior to its amendment in June 1999**

(these provisions are to continue to apply under the MBS Program as if they were still part of the NHA)

(a) direct the issuer to take such steps as the Corporation considers necessary in relation to the mortgage-backed security and the contract referred to in subsection 21.2(1) of the Act; and [SOR/90-314, s. 34, item 13]

(b) without prior notice to the issuer, enforce the assignments to the Corporation made pursuant to paragraphs 21.2(2)(a) of the Act by deciding that any right, title or other interest of the issuer in all mortgage pools of the issuer are extinguished.
SOR/90-314, s. 34, item 14

(2) Where the Corporation has taken the action described in paragraph (1)(b) with respect to an issuer, the Corporation shall not enter into any contract referred to in subsection 21.2(1) of the Act with the issuer for at least three years thereafter. SOR/86-43, s. 1.
DORS/90-314, s. 34, item 15.

Fees

49.41

The Corporation may charge fees for receiving and dealing with an application made pursuant to subsection 21.2(1) of the Act and such fees shall be determined on the basis of the risk and expense associated with the guarantee, requested in the application, to be given by the Corporation. SOR/86-43, s. 1; SOR/90-314, s. 34, item 16.

Note: Users of this consolidation are reminded that it is prepared for convenience of reference only. For assurance of complete accuracy, users should refer to the actual regulations as recorded in the Canada Gazette Part II.

Appendix 6 – Issuer Assignment Agreement

_____ (hereinafter called Seller)
(Name of Seller)

_____ (hereinafter called Buyer),
(Name of Buyer)

as of the _____ day of _____, _____, undertake and mutually agree as follows:

WARRANTIES

Section 1.01. Seller and Buyer each represents, warrants and agrees that as of the date of this Agreement:

- (a) It is duly organized validly existing, and in good standing under the laws of its jurisdiction of organization, and has the requisite power and authority to enter into this Agreement and the agreements to which it is a party contemplated by this Agreement.
- (b) This Agreement has been duly authorized, executed and delivered by it to the other party and constitutes a valid and legally binding agreement of it enforceable in accordance with its terms, upon being signed by CMHC.
- (c) There is no action, proceeding, or investigation pending or threatened, nor any basis therefore known to it, which questions the validity or prospective validity of this Agreement insofar as the Agreement relates to it, or any essential element upon which this Agreement depends, or any action to be taken by it pursuant to this Agreement.
- (d) Insofar as its capacity to carry out any obligation under this Agreement is concerned, it is not in violation of any provision of any charter, certificate or incorporation, by-law, mortgage, indenture, indebtedness, agreement, instrument, judgment, decree, order, status, rule, or regulation, and there is no such provision which adversely affects its capacity to carry out any such obligation. Its execution of, and performance pursuant to, this Agreement will not result in such violation.



Appendix 6 – Issuer Assignment Agreement

Section 1.02. Seller represents and warrants to Buyer that as of the date of execution of this Agreement Seller is an Issuer of Mortgage-Backed Securities guaranteed by Canada Mortgage and Housing Corporation (hereinafter referred to as “CMHC”) under the terms and provisions of the CMHC Mortgage-Backed Securities Guide, (“the Guide”) with respect to mortgage pool(s) identified on CMHC’s and Seller’s records as the pool(s) numbered as set forth on the attached Exhibit A. As used herein, the term “pool(s)” shall be deemed to include pool(s).

Section 1.03. Buyer represents and warrants to Seller that as of the date of execution of this Agreement Buyer is an eligible Issuer of Mortgage-Backed Securities.

Section 2.01. Seller, under contractual agreement(s) with CMHC has assigned to CMHC all right, title and interest to the mortgages which are identified and described in the Schedule(s) of Mortgages respecting the pool(s) numbered as shown on the attached Exhibit A (the “Mortgages”) and CMHC has given to the Seller the right to hold nominal title to the pooled mortgage loans for the sole purpose of facilitating the servicing of the pooled mortgages. Seller transfers and assigns to Buyer all of Seller’s right, title, and interest in and to the Mortgages and Buyer agrees to such transfer and assignment. Further, by executing this Agreement, Buyer acknowledges and affirms that under Seller’s previous assignments to CMHC, all right, title and interest in and to the Mortgages is vested in CMHC, and thus the Buyer acquires only the right to hold nominal title to the pooled mortgages for the sole purpose of facilitating the servicing of the pooled mortgages.



Appendix 6 – Issuer Assignment Agreement

Section 2.02. Seller assigns to Buyer all of its rights, title, and interest in, to and under the Guaranty Agreement(s) and/or Contractual Agreement(s) evidenced by the appropriate CMHC forms respecting the pool(s). Buyer accepts such assignment and signifies its assumption on this date of all duties and obligations (from the effective date of such Guaranty Agreement(s) and/or Contractual Agreement(s)) of the Seller as “Issuer” under such Agreement(s).

IN WITNESS WHEREOF, Seller and Buyer, on the day and year first hereinabove written, have caused their seals to be affixed on this instrument to be signed on their behalf by their duly authorized officers.

WITNESS

Print in Seal

BY: _____

(Seller)

WITNESS

BY: _____

(Buyer)

(Insert here notarized acknowledgements of Seller and Buyer appropriate to the form(s) of organization of the parties and the jurisdiction(s) where the Agreement is executed.)

In accordance with the Guaranty Agreement(s) and/or Contractual Agreement(s) between Seller and CMHC and the provisions of the Guides, CMHC approves and consents to the above-described assignment to Buyer of Seller’s rights, title, and interest in, to and under the described mortgages, Guaranty Agreement(s) and/or Contractual Agreement(s), and the above-described assumption by Buyer of Seller’s duties and obligations under the Guaranty Agreement(s) and/or Contractual Agreement(s). From this date forward Buyer shall be the “Issuer” under the pool(s) identified on Exhibit A.

Approved this day of , .

CANADA MORTGAGE AND HOUSING CORPORATION

BY: _____



Appendix 7 – Net Worth

1. Definition

Section 49.38(b) of the National Housing Loan Regulations imposes certain requirements for minimum net worth of Issuers. For the purposes of this section, net worth is defined as follows: unadjusted net worth less ineligible assets.

2. Unadjusted Net Worth

Unadjusted net worth is the sum of share capital, retained earnings, and contributed surplus. In the case of credit unions/caisses populaires, unadjusted net worth is the sum of share capital, undivided earnings and reserves, if any. For the purposes hereof, share capital shall include term preferred shares as well as subordinated notes and debentures providing that such shares, notes or debentures, in addition to any other terms or conditions contained therein, state that the shares, notes or debentures are not redeemable or payable at maturity, upon default or otherwise, if such redemption or payment would impair the Issuer's adjusted net worth requirements as set out in Basic Eligibility Requirements, Chapter 3 of this Guide. In order to ensure that this restriction on redemption or the payment of such shares, notes or debentures is fully met, no payment or redemption shall be effected until such time as the Issuer has provided CMHC with a revised Computation of Adjusted Net Worth Statement, excluding such preferred shares, notes or debentures and an Issuer's Report signed by its Chief Financial Officer, indicating that the Issuer will continue to meet its net worth requirements.

3. Ineligible Assets

The following assets are considered ineligible for inclusion in net worth for the purposes of Section 49.38(b):

1. Pledged assets: the recorded (book) value of any assets pledged to secure obligations of any person or entity other than those of the Issuer.
2. Assets due from related parties: any assets due from owners or officers of the Issuer or from parties in which the Issuer's officers or stockholders have an interest.
3. Marketable securities: the amount by which the book value of marketable securities exceeds the lower of cost or market value.
4. Mortgages: the amount by which the book value of mortgages in foreclosure exceeds the net realizable value of the mortgages.



Appendix 7 – Net Worth

5. Property acquired through foreclosure: the amount by which the book value of property acquired through foreclosure exceeds the net realizable value of the property.
6. Investments in other entities other than marketable securities: the amount by which the book value of the investment exceeds the value of that investment as determined under the equity method of accounting. Investment includes joint ventures, affiliates and subsidiaries.
7. Goodwill and intangibles: including organization costs.
8. Loans other than mortgages: the amount by which the book value of the loans exceeds their estimated realizable value.
9. Receivables under lease contract: the amount by which the recorded value exceeds their estimated realizable value.
10. Subsequent events: the amount by which net assets would be reduced if the subsequent event had been reflected in the balance sheet. If the subsequent event would produce an increase to net assets, the increase may be deducted from ineligible assets for purposes of this computation.

4. Required Net Worth

Required net worth is the sum of:

- (a) \$3 million, plus
- (b) 2% of the aggregate principal amount of mortgage-backed securities outstanding at the reporting date, plus
- (c) 2% of the aggregate principal amount of mortgage-backed securities that have been approved but not issued, plus
- (d) 2% of the aggregate principal amount of mortgage-backed securities that are the subject of the application with which the computation of net worth is submitted.



Appendix 7 – Net Worth

5. Filing Requirements

A computation of net worth shall be submitted on each of the following occasions:

- (a) with the CMHC 2802 – Application for Approval as a Mortgage-Backed Securities Issuer.
- (b) each year thereafter as long as securities issued by the Issuer are outstanding.

6. Reporting Date

The reporting date, at which the net worth must be computed, is as follows:

- (a) when submitted with the CMHC 2802 – as at the previous year-end
- (b) annually, as at the previous year-end

7. Form

The computation of net worth shall be in a format similar to that set out in Schedule I.

8. Certification

Each computation of net worth must be accompanied by a certification by the Chief Financial Officer of the Issuer in a format as set out in Schedule II.

9. Audit

CMHC may request that the computation of net worth be audited by the Issuer's auditors or by its auditors. The form of communication is set out in Schedule III.



Appendix 7 – Net Worth

COMPUTATION OF ADJUSTED NET WORTH SCHEDULE I

Issuer Name		
As at		
1. Unadjusted net worth		
Share Capital	XX	
Retained Earnings	XX	
...	<u>XX</u>	
		XX
2. Ineligible Assets		
...	XX	
...	XX	
...	XX	
...	<u>XX</u>	
		XX
3. Adjusted Net Worth		<u>XX</u>
4. Required Net Worth		
Minimum		\$3,000,000
Outstanding principal balance of issued securities	XX	
Aggregate principal of securities approved but not issued	XX	
Aggregate principal of securities for which approval is now sought	<u>XX</u>	
TOTAL	XXX	
2% of Total		<u>XX</u>
Required Net Worth		<u>XXX</u>



Appendix 7 – Net Worth

SCHEDULE I

Explanatory Notes

“Issuer Name” is the full legal name of the Issuer.

“As at” is the reporting date as described in Part E, paragraph 6 of Appendix 7, Net Worth.

Unadjusted net worth should agree with the corresponding numbers on the audited financial statements.

Ineligible assets should be listed by the categories included in Part E, paragraph 3 of Appendix 7, Net Worth.



Appendix 7 – Net Worth

SCHEDULE II

Issuer's Report

The computation of net worth of Issuer as at _____, _____, has been made in accordance with the provisions of Part E, Appendix 7, Net Worth of the Program Guide for NHA Mortgage-Backed Securities and it presents accurately the adjusted net worth and required net worth of Issuer.

Signed _____
Chief Financial Officer



Appendix 7 – Net Worth

SCHEDULE III

If an audit of the computation of net worth is required, the auditor's communication should be in accordance with Section 5805 of the CICA Handbook. A sample report follows:

AUDITOR'S REPORT

To the Directors of X Ltd.

We have examined the computation of adjusted net worth of X Ltd. as at _____, _____. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, this computation presents fairly the adjusted net worth and the required net worth of X Ltd. as at _____, ____ in accordance with the provisions of Part E, Appendix 7, Net Worth of the Program Guide for NHA Mortgage-Backed Securities applied on a basis consistent with that of the preceding year.*

*The phrase "applied on a basis consistent with that of the preceding year" is not required in the first report.



Appendix 8 – CPTA Fees and Charges

As provided for in this Guide, the Central Payor and Transfer Agent – Montreal Trust Company of Canada – is entitled to collect the following maximum fees in payment for services rendered to, or on behalf of, CMHC, Approved Issuers or Investors:

<u>Transfer Services</u>	<u>Fee</u>	<u>Fee Basis</u>
1. Create New Pools – Creation of records for a new pool, including establishment of automated transfer for issuer’s central P&I account and test debit of issuer’s central P&I account (initially or for any subsequent change)	\$50.00	per pool
2. Issue Initial Certificates – Initial preparation and distribution of certificates at issuance	\$2.00	per certificate issued
3. Issue Certificates on Transfer – Transfer of certificate ownership (including cancellation of previous certificate, preparation of new certificate and registration; charged to presenter of certificate)	\$4.00	per certificate issued
4. Replace Certificates – Issuance of new certificates to replace lost/damaged certificates (charged to presenter of request)	\$35.00	per certificate issued
5. Redeem Certificates – Collection and cancellation of security certificates at maturity redemption and maintenance of records, trust accounts, etc. necessary to accommodate maturity and unclaimed certificates (CPTA to benefit from income on uncollected pool funds held in trust)	\$2.00	per certificate cancelled
6. Maintain Pool and Investor Records – Maintenance of pool accounting information (balances, related securities and monthly transactions), maintenance of ownership records, including providing early maturity notices and processing estate transfers, ensuring timely receipt and accuracy of monthly accounting data, monitoring function relevant to partial prepayments and early liquidations, monthly transfer from issuer’s central P&I account, provision of regular reports to CMHC as detailed in Part 2 of this tender call and calculation, consolidation and dissemination on a monthly basis of information necessary for the secondary trading of securities	\$6.50	per pool/per month



Appendix 8 – CPTA Fees and Charges

<u>Transfer Services (Con't)</u>	<u>Fee</u>	<u>Fee Basis</u>
7. Deliver Investor Payments – Calculation of amounts due investors (and governments, if applicable) including consolidation of payments for investors with numerous holdings, preparation of remittances (cheque or electronic transfer at the investor's option), including preparing replacements for lost cheques or redirecting electronic transfers, preparation of remittance advice's for investors , distribution of remittances and remittance advice's on the 15 th of the month or as per guide if the 14 th or 15 th are not business days and remittance to governments of withholding taxes (if applicable) (CPTA to benefit from income on funds awaiting distribution and uncollected funds)	\$1.75	per investor/per pool/per month
8. Pay in US\$ - Provision of US currency accounts for only those holders requesting this service	\$0.25	per investor/per pool/per month
9. Deliver Tax Reports – Reports to investors are required under the Income Tax Act, including preparing replacements for lost reports	\$1.50	per investor/per pool/per annum



Appendix 9 – Mortgage Formulas, Accounting Conventions and Test Pool Data

A. Formulas

Regular Monthly Payment Calculation

Regular Monthly Payment = outstanding balance* r/(1-1/(1+r)^n)

Where: r = (1+r/200)^1/6-1 (r is the compounded semi annual interest rate)
n = remaining amortization

Standard Nominal Interest Calculation

Standard Nominal Interest = [(1+r/200)^2/x-1]

Where: r is the compounded semi annual interest rate
x is the number of payments per year

Calculation of Amortization

AMORT = AMORTx*12/x

Where: AMORTx = log[RP/(RP-OB*RFACT)]/log[1+RFACT]
RFACT = SN
OB = Outstanding Balance
RP = Regular Payment
AMORT = Amortization period in months
AMORTx = Amortization period in payment periods
SN = Standard Nominal Interest Rate
x = number of payment periods in a year

B. Accounting Conventions

While the formula are illustrated above the specific inputs relating to such things as the number of days in the year, the number of weekly or other derivation of payments in the year, and the number of decimal places for the calculations are open to interpretation. Therefore, we have established standard definitions for these variables in conjunction with the MBS industry.



Appendix 9 – Mortgage Formulas, Accounting Conventions and Test Pool Data

Specifically, the variables for the modified accounting are as follows:

Days in every year		365.25
Number of Payments per year (x)	Monthly	12
	Bi-Monthly	24
	Weekly	365.25/7 days
	Two Weekly	365.25/14 days
	Four Weekly	365.25/28 days

Opening Balance - Principal Paid is Equal to Closing Balance

Conversion Factor of Remaining Amortization of Weekly Payments to Monthly	$\frac{\# \text{ of weeks} * 7 \text{ days per week} * 12 \text{ months}}{365.25 \text{ days per year}}$
---	--

Example: Assume a remaining Amortization of a loan of 1200 weeks.
The calculation of the remaining amortization in months is as follows:

$$\frac{1200 \text{ weeks} * 7 \text{ days per week} * 12 \text{ months}}{365.25 \text{ days per year}} = 275.975 \text{ months}$$

Conversion Factor of Remaining Amortization of Bi-Weekly payments to Monthly	$\frac{\# \text{ of weeks} * 14 \text{ days per week} * 12 \text{ months}}{365.25 \text{ days per year}}$
---	---

Example: Assume a remaining amortization of a loan of 550 bi-weekly payments.
The calculation of the remaining amortization in months is as follows:

$$\frac{550 \text{ bi-weekly} * 14 \text{ days per week} * 12 \text{ months}}{365.25 \text{ days per year}} = 252.977 \text{ months}$$

In addition the following conventions are used:

- Interest rate factors are ten decimal places
- Weighted Average Maturity, Weighted Average Mortgage Rate and Weighted Average Remaining Amortization Period are three decimal places. Rounding of the last decimal place occurs upward if the 4th digit is greater than 5.



Appendix 9 – Mortgage Formulas, Accounting Conventions and Test Pool Data

- Dollar amounts are rounded to two decimal places.
- Remaining mortgage terms are always reported as a whole number. If a partial month occurs the number is rounded up to the next full month. (58.2 months would be reported as 59 months) In rare instances the rounding would place the term in excess of the actual term. In this case report the actual term of the mortgage. (60.2 months would be reported as 60 months).
- If there is any event that changes the payment characteristics of the loan, the applicable principal is to be passed through to the investor in the report month that the loan characteristics have been altered.

C. Test Pool Data

1. Pool characteristics

Pool size:	\$10,080,000
Issue date:	July 1/95
Maturity date:	July 1/2000
Coupon rate:	7.5%
Cut-off date:	28th of the month

2. Loans characteristics (from issuer's mortgage servicing system)

Loan	Principal Amount	Interest Rate	PMT Frequency	Remaining Amortization	Mortgage Payments	Remaining Maturity	IAD	1st pmt Date	Last pmt Date
1	\$1,100,000	8.00%	Weekly	1294.609wks	\$1,930.62	260 weeks	Jul.1/95	Jul. 7/95	June 30/00
2	\$1,110,000	8.10%	Bi-weekly	647.193(14)	\$3,931.91	130 pymts	Jul.1/95	Jul.14/95	June 23/00
3	\$1,120,000	8.20%	Monthly	300 months	\$8,691.38	60 months	Jul.1/95	Aug. 1/95	July 1/00
4	\$1,130,000	8.30%	Monthly	299 months	\$8,850.71	58 months	Jun.1/95	Jul. 1/95	May 1/00
5	\$1,140,000	8.40%	Monthly	298 months	\$9,011.65	56 months	May 1/95	Jun. 1/95	March 1/00
6	\$1,150,000	8.50%	Monthly	297 months	\$9,174.19	55 months	Ap. 1/95	May 1/95	Feb. 1/00
7	\$1,100,000	8.00%	Weekly	1294.609wks	\$1,930.62	260 weeks	Jul.1/95	Jul. 7/95	June 30/00
8	\$1,110,000	8.10%	Bi-weekly	647.193(14)	\$3,931.91	130 pymts	Jul.1/95	Jul.14/95	June 23/00
9	\$1,120,000	8.20%	Monthly	300 months	\$8,691.38	60 months	Jul.1/95	Aug.1/95	July 1/00
Total	\$10,080,000								

Loans 1, 2 and 7 make their payments on Friday.

The Principal Amount shown is the balance as at issue date, July 1, 1995, not at IAD for loans 4, 5, and 6.

The last payment date is also the term maturity date.



Appendix 9 – Mortgage Formulas, Accounting Conventions and Test Pool Data

Test no 1 – At Issue Date

Convert each of loans 1, 2, 7 and 8 into an equivalent monthly mortgage payment investor loan.

Test no 2 – Months 1 and 2 (July & August)

There has been no change on the pooled loans for the first two reporting periods.

Test no 3 – Month 3 (September)

On loan 3, the mortgagor decided to switch the mortgage payments from a monthly to a weekly (\$2,172.84) payment frequency in order to reduce the amortization period and increase reimbursement of principal. The mortgagor will make his first weekly payment on Thursday, September 7, 1995. There are 5 payments on loans 1 and 7, and 4 payments on loan 3.

Test no 4 – Month 4 (October)

Prior to the cut-off date, loan 5 is found to be ineligible and will be liquidated and substituted by a loan (call it loan 10) with an outstanding balance at close of month (after October applicable payment made November 1) of \$1,131,000. Same as loan 5, remaining term is 52 months, remaining amortization period 292 months at close of month. Interest rate on Loan 10 is 8.4% and it has a monthly payment frequency.

On loan 1, the mortgagor increases the mortgage payments by 10% to 2,123.68 as of Oct. 4th.

Loan 4 is one full month in arrears.

Test no 5 – Month 5 (November)

On the 27th of the month, loan 1 is fully liquidated with a three month interest penalty. For the example, the penalty was determined using future value with no payments for 13 payment periods. Other methods are acceptable.

The mortgagor on loan 2 made a \$10,000 partial prepayment without a penalty on the 17th of the month, and decided to convert his mortgage payments to monthly payments of \$8,300. He pays the interest to December 1, 1995 and starts the new payment on January 1, 1996.

Loan 4 is two full months in arrears.

There are 5 payments on loan 3.



Appendix 9 – Mortgage Formulas, Accounting Conventions and Test Pool Data

Test no 6 – Month 6 (December)

On the 13th of December, mortgagor on loan 4 decides to switch to a bi-weekly mortgage payment frequency, (payment is \$4,425.36) and makes the December 15th payment on time. Arrears are brought up to date and the interest is paid down to bring the loan back into amortization in the mortgage servicing system. It is recognized that individual issuers may have different methods of dealing with the interest on the arrears than shown in the test pool example.

There are 5 payments on loans 1 and 7.

For issuers who allow mortgagors to make a double payment on their regular payment date.

On December 1, the mortgagor on loan 6 decides to take advantage of a double-up provision in the mortgage. The payment received is \$18,348.38.

Test no 7 – Month 7 (January)

There has been no change on the pooled loans for this reporting period.

Note: Although an example has not been provided, issuers may want to run one additional test to check the amount of penalty charged on a large partial prepayment (i.e. greater than the amount allowable without penalty) and to confirm that their system would properly calculate the remaining maturity should the amount of the prepayment be large enough that the maturity date (last payment date) would change to an earlier date.

ISSUER'S MONTHLY ACCOUNTING REPORT

SECTION 1

Protected when completed

TO: CPTA

FROM: ISSUER

CMHC Pool No. XXX XXX XX	1A Issuer Codes XXX	1B Report Cut-Off Date Oct. 28, 1995	1C Report Start Date Sept. 29, 1995	1D
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SECTION 2 - MORTGAGE POOL

Total No. Mortgages (Last Report)	No. of Liquidations (-)	No. Maturities (-)	No. of Substitutions (+)	No. of Mortgages This Month End	Weighted Average Maturity	Weighted Average Mortgage Rate	Weighted Average Remaining Amortization
2A 9	2B 1	2C 0	2D 1	2E 9	2F 54.753	2G 8.202	2H 279.967

Total Delinquent	Per cent Delinquent	Instalment Delinquent	One	Two	Three or More
2I 1	2J 11.11%		2K 1	2L 0	2M 0

SECTION 3 - SECURITY

Scheduled Principal	Partial Prepayments	Liquidations	Maturities	Substitutions	Adjustments	Total Principal
3A 12 471.27	3B 0	3C 0	3D 0	3E 4 280.32	3F 0	3G 16 751.59
CASH DISTRIBUTION DUE TO HOLDERS RE INTEREST						3J
SECURITY INTEREST RATE						
Annual Coupon 7.5 % 3H Monthly Factor 10 Digits .0061545239 3I						61 835.25
INTEREST PENALTIES						3K 0
TOTAL CASH DISTRIBUTION DUE TO HOLDERS						3L 78 586.84

PRINCIPAL AMOUNT OF SECURITIES FROM LAST REPORT	3M 10 047 121.34
PRINCIPAL DISTRIBUTED TO HOLDERS THIS MONTH (AMOUNT FROM BOX 3G)	3N 16 751.59

SECTION 4

PRINCIPAL BALANCE DUE ON SECURITIES (THIS MONTH END)						SECURITY BALANCE TOTAL
5 Months Prior to Maturity	4 Months Prior to Maturity	3 Months Prior to Maturity	2 Months Prior to Maturity	1 Month Prior to Maturity	at Maturity	
4A 1 145 275.07	4B 1 131 000.00	4C	4D 1 125 285.39	4E	4F 6 628 809.29	4G 10 030 369.75
Enter "1" if Earlier Than 5 Months Prior to Maturity						4H

SECTION 5

MORTGAGE ADMINISTRATION SYSTEM BALANCE (CUT-OFF DATE)	5A 10 032 949.98
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DETAILS/EXPLANATIONS

Month 4

CMHC 2840 8/99

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SECTION 6 - LIQUIDATION SCHEDULE(S)

Loan # 1

CMHC Account No. 6A	Date Removed 6B	Mortgage Interest Rate 6C	Issuer's Loan No. 6D
REASON FOR REMOVAL (CHECK APPLICABLE BOX)			Liquidation Balance 6E
<input type="checkbox"/> MORTGAGE PAYOFF <input type="checkbox"/> PORTABILITY <input type="checkbox"/> FORECLOSURE <input type="checkbox"/> OTHER (ATTACH EXPLANATION)			Interest Penalties 6F

Loan # 2

CMHC Account No. 6A	Date Removed 6B	Mortgage Interest Rate 6C	Issuer's Loan No. 6D
REASON FOR REMOVAL (CHECK APPLICABLE BOX)			Liquidation Balance 6E
<input type="checkbox"/> MORTGAGE PAYOFF <input type="checkbox"/> PORTABILITY <input type="checkbox"/> FORECLOSURE <input type="checkbox"/> OTHER (ATTACH EXPLANATION)			Interest Penalties 6F

Loan # 3

CMHC Account No. 6A	Date Removed 6B	Mortgage Interest Rate 6C	Issuer's Loan No. 6D
REASON FOR REMOVAL (CHECK APPLICABLE BOX)			Liquidation Balance 6E
<input type="checkbox"/> MORTGAGE PAYOFF <input type="checkbox"/> PORTABILITY <input type="checkbox"/> FORECLOSURE <input type="checkbox"/> OTHER (ATTACH EXPLANATION)			Interest Penalties 6F

SECTION 7 - SUBSTITUTED MORTGAGES

Substitution # 1

CMHC Account No.	Date Substituted	Mortgage Interest Rate	Issuer's Loan No.
In XXX XXX XX 7A	Oct. 28, 1995 7C	8.4 7D	595 7F
Out XXX XXX XX 7B		8.4 7E	596 7G

Remaining Amortization	Remaining Term	Balance at Substitution
In 292 7H	52 7J	1 131 000.00 7L
Out 292 7I	52 7K	1 135 280.32 7M

Substitution # 2

CMHC Account No.	Date Substituted	Mortgage Interest Rate	Issuer's Loan No.
In 7A	7C	7D	7F
Out 7B		7E	7G

Remaining Amortization	Remaining Term	Balance at Substitution
In 7H	7J	7L
Out 7I	7K	7M

Test 1 - Mortgage data at issue date
Test 2 - Month 1 (July)

Month	Loan	Opening balance	Amortization	Term	Frequency	Rate	Payment				Remaining			Closing balance	Interest penalty	
							Total	Principal	Unsch. Princ.		Amort.	Term	Rate			
1	1	\$1 100 000.00	1294.609	260.000	weekly	8.00%	0	\$7 722.48	\$1 105.35			1290.609	256.000	8.00%	\$1 098 894.65	
	2	\$1 110 000.00	647.193	130.000	bi-weekly	8.10%	0	\$7 863.82	\$1 098.63			645.193	128.000	8.10%	\$1 108 901.37	
	3	\$1 120 000.00	300.000	60.000	monthly	8.20%	0	\$8 691.38	\$1 165.61			299.000	59.000	8.20%	\$1 118 834.39	
	4	\$1 130 000.00	299.000	58.000	monthly	8.30%	0	\$8 850.71	\$1 166.70			298.000	57.000	8.30%	\$1 128 833.30	
	5	\$1 140 000.00	298.000	56.000	monthly	8.40%	0	\$9 011.65	\$1 167.82			297.000	55.000	8.40%	\$1 138 832.18	
	6	\$1 150 000.00	297.000	55.000	monthly	8.50%	0	\$9 174.19	\$1 168.97			296.000	54.000	8.50%	\$1 148 831.03	
	7	\$1 100 000.00	1294.609	260.000	weekly	8.00%	0	\$7 722.48	\$1 105.35			1290.609	256.000	8.00%	\$1 098 894.65	
	8	\$1 110 000.00	647.193	130.000	bi-weekly	8.10%	0	\$7 863.82	\$1 098.63			645.193	128.000	8.10%	\$1 108 901.37	
	9	\$1 120 000.00	300.000	60.000	monthly	8.20%	0	\$8 691.38	\$1 165.61			299.000	59.000	8.20%	\$1 118 834.39	
		\$10 080 000.00						\$75 591.91	\$10 242.67	\$0.00					\$10 069 757.33	\$0.00

Test 2 - Month 1

Test 1 - Pool data at issue date
Test 2 - Month 1 (July)

Month	Loan	Opening balance	Amortization	Term	Frequency	Rate	Payment				Remaining			Closing balance	Interest penalty	
							Total	Principal	Unsch. Princ.		Amort.	Term	Rate			
1	1	\$1 100 000.00	297.734	60.000	monthly	8.00%	0	\$8 415.91	\$1 201.89			296.734	59.000	8.00%	\$1 098 798.11	
	2	\$1 110 000.00	297.682	60.000	monthly	8.10%	0	\$8 563.69	\$1 194.58			296.682	59.000	8.10%	\$1 108 805.42	
	3	\$1 120 000.00	300.000	60.000	monthly	8.20%	0	\$8 691.38	\$1 165.61			299.000	59.000	8.20%	\$1 118 834.39	
	4	\$1 130 000.00	299.000	58.000	monthly	8.30%	0	\$8 850.71	\$1 166.70			298.000	57.000	8.30%	\$1 128 833.30	
	5	\$1 140 000.00	298.000	56.000	monthly	8.40%	0	\$9 011.65	\$1 167.82			297.000	55.000	8.40%	\$1 138 832.18	
	6	\$1 150 000.00	297.000	55.000	monthly	8.50%	0	\$9 174.19	\$1 168.97			296.000	54.000	8.50%	\$1 148 831.03	
	7	\$1 100 000.00	297.734	60.000	monthly	8.00%	0	\$8 415.91	\$1 201.89			296.734	59.000	8.00%	\$1 098 798.11	
	8	\$1 110 000.00	297.682	60.000	monthly	8.10%	0	\$8 563.69	\$1 194.58			296.682	59.000	8.10%	\$1 108 805.42	
	9	\$1 120 000.00	300.000	60.000	monthly	8.20%	0	\$8 691.38	\$1 165.61			299.000	59.000	8.20%	\$1 118 834.39	
		\$10 080 000.00	298.314	58.753		8.202%		\$78 378.52	\$10 627.66	\$0.00		297.314	57.753	8.202%	\$10 069 372.34	\$0.00

Box

- 4A \$1 148 831.03
- 4B \$1 138 832.18
- 4C
- 4D \$1 128 833.30
- 4E
- 4F \$6 652 875.83
- 4G \$10 069 372.34

Interest \$62 037.60

Test 1 at issue date

Test 2 - Month 1



Test 2 - Month 2 (August) MTG Servicing System

Month	Loan	Opening balance	Amortization	Term	Frequency	Rate	Payment				Remaining			Closing balance	Interest penalty	
							Total	Principal	Unsch. Princ.		Amort.	Term	Rate			
2	1	\$1 098 894.65	1290.609	256.000	weekly	8.00%	0	\$ 7 722.48	\$ 1 112.04			1286.609	252.000	8.00%	\$ 1 097 782.61	
	2	\$1 108 901.37	645.193	128.000	bi-weekly	8.10%	0	\$ 7 863.82	\$ 1 105.34			643.193	126.000	8.10%	\$ 1 107 796.03	
	3	\$1 118 834.39	299.000	59.000	monthly	8.20%	0	\$ 8 691.38	\$ 1 173.44			298.000	58.000	8.20%	\$ 1 117 660.95	
	4	\$1 128 833.30	298.000	57.000	monthly	8.30%	0	\$ 8 850.71	\$ 1 174.63			297.000	56.000	8.30%	\$ 1 127 658.67	
	5	\$1 138 832.18	297.000	55.000	monthly	8.40%	0	\$ 9 011.65	\$ 1 175.85			296.000	54.000	8.40%	\$ 1 137 656.34	
	6	\$1 148 831.03	296.000	54.000	monthly	8.50%	0	\$ 9 174.19	\$ 1 177.11			295.000	53.000	8.50%	\$ 1 147 653.92	
	7	\$1 098 894.65	1290.609	256.000	weekly	8.00%	0	\$ 7 722.48	\$ 1 112.04			1286.609	252.000	8.00%	\$ 1 097 782.61	
	8	\$1 108 901.37	645.193	128.000	bi-weekly	8.10%	0	\$ 7 863.82	\$ 1 105.34			643.193	126.000	8.10%	\$ 1 107 796.03	
	9	\$1 118 834.39	299.000	59.000	monthly	8.20%	0	\$ 8 691.38	\$ 1 173.44			298.000	58.000	8.20%	\$ 1 117 660.95	
		\$10 069 757.33						\$75 591.91	\$10 309.23	\$0.00					\$10 059 448.11	\$0.00

Test 2 - Month 2

Test 2 - Month 2 (August) MBS System

Month	Loan	Opening balance	Amortization	Term	Frequency	Rate	Payment				Remaining			Closing balance	Interest penalty	
							Total	Principal	Unsch. Princ.		Amort.	Term	Rate			
2	1	\$1 098 798.11	296.734	59.000	monthly	8.00%	0	\$ 8 415.91	\$ 1 209.78			295.734	58.000	8.00%	\$ 1 097 588.32	
	2	\$1 108 805.42	296.682	59.000	monthly	8.10%	0	\$ 8 563.69	\$ 1 202.51			295.682	58.000	8.10%	\$ 1 107 602.90	
	3	\$1 118 834.39	299.000	59.000	monthly	8.20%	0	\$ 8 691.38	\$ 1 173.44			298.000	58.000	8.20%	\$ 1 117 660.95	
	4	\$1 128 833.30	298.000	57.000	monthly	8.30%	0	\$ 8 850.71	\$ 1 174.63			297.000	56.000	8.30%	\$ 1 127 658.67	
	5	\$1 138 832.18	297.000	55.000	monthly	8.40%	0	\$ 9 011.65	\$ 1 175.85			296.000	54.000	8.40%	\$ 1 137 656.34	
	6	\$1 148 831.03	296.000	54.000	monthly	8.50%	0	\$ 9 174.19	\$ 1 177.11			295.000	53.000	8.50%	\$ 1 147 653.92	
	7	\$1 098 798.11	296.734	59.000	monthly	8.00%	0	\$ 8 415.91	\$ 1 209.78			295.734	58.000	8.00%	\$ 1 097 588.32	
	8	\$1 108 805.42	296.682	59.000	monthly	8.10%	0	\$ 8 563.69	\$ 1 202.51			295.682	58.000	8.10%	\$ 1 107 602.90	
	9	\$1 118 834.39	299.000	59.000	monthly	8.20%	0	\$ 8 691.38	\$ 1 173.44			298.000	58.000	8.20%	\$ 1 117 660.95	
		\$10 069 372.34	297.314	57.753		8.202%		\$78 378.52	\$10 699.06	\$0.00		296.314	56.753	8.202%	\$10 058 673.28	\$0.00

Box

- 4A \$1 147 653.92
- 4B \$1 137 656.34
- 4C
- 4D \$1 127 658.67
- 4E
- 4F \$6 645 704.35
- 4G \$10 058 673.28

Interest \$61 972.19

Test 2 - month 2



Test 3 - Month 3 (Sept.) MTG Servicing System

Month	Loan	Opening balance	Amortization	Term	Frequency	Rate	Payment				Remaining			Closing balance	Interest penalty	
							Total	Principal	Unsch. Princ.		Amort.	Term	Rate			
3	1	\$1 097 782.61	1286.609	252.000	weekly	8.00%	0	\$9 653.10	\$1 399.47			1281.609	247.000	8.00%	\$1 096 383.14	
	2	\$1 107 796.03	643.193	126.000	bi-weekly	8.10%	0	\$7 863.82	\$1 112.08			641.193	124.000	8.10%	\$1 106 683.95	
	3	\$1 117 660.95	1022.131	253.000	weekly	8.20%	0	\$8 691.36	\$1 804.70			1018.131	249.000	8.20%	\$1 115 856.25	
	4	\$1 127 658.67	297.000	56.000	monthly	8.30%	0	\$8 850.71	\$1 182.62			296.000	55.000	8.30%	\$1 126 476.05	
	5	\$1 137 656.34	296.000	54.000	monthly	8.40%	0	\$9 011.65	\$1 183.94			295.000	53.000	8.40%	\$1 136 472.40	
	6	\$1 147 653.92	295.000	53.000	monthly	8.50%	0	\$9 174.19	\$1 185.30			294.000	52.000	8.50%	\$1 146 468.62	
	7	\$1 097 782.61	1286.609	252.000	weekly	8.00%	0	\$9 653.10	\$1 399.47			1281.609	247.000	8.00%	\$1 096 383.14	
	8	\$1 107 796.03	643.193	126.000	bi-weekly	8.10%	0	\$7 863.82	\$1 112.08			641.193	124.000	8.10%	\$1 106 683.95	
	9	\$1 117 660.95	298.000	58.000	monthly	8.20%	0	\$8 691.38	\$1 181.32			297.000	57.000	8.20%	\$1 116 479.63	
		\$10 059 448.11						\$79 453.13	\$11 560.98	\$0.00					\$10 047 887.13	\$0.00

Test 3 - Loan 3 goes weekly

Test 3 - Month 3 (Sept.) MBS System

Month	Loan	Opening balance	Amortization	Term	Frequency	Rate	Payment				Remaining			Closing balance	Interest penalty	
							Total	Principal	Unsch. Princ.		Amort.	Term	Rate			
3	1	\$1 097 588.32	295.734	58.000	monthly	8.00%	0	\$8 415.91	\$1 217.71			294.734	57.000	8.00%	\$1 096 370.61	
	2	\$1 107 602.90	295.682	58.000	monthly	8.10%	0	\$8 563.69	\$1 210.50			294.682	57.000	8.10%	\$1 106 392.40	
	3	\$1 117 660.95	235.069	58.000	monthly	8.20%	0	\$9 472.38	\$1 962.32			234.069	57.000	8.20%	\$1 115 698.63	
	4	\$1 127 658.67	297.000	56.000	monthly	8.30%	0	\$8 850.71	\$1 182.62			296.000	55.000	8.30%	\$1 126 476.05	
	5	\$1 137 656.34	296.000	54.000	monthly	8.40%	0	\$9 011.65	\$1 183.94			295.000	53.000	8.40%	\$1 136 472.40	
	6	\$1 147 653.92	295.000	53.000	monthly	8.50%	0	\$9 174.19	\$1 185.30			294.000	52.000	8.50%	\$1 146 468.62	
	7	\$1 097 588.32	295.734	58.000	monthly	8.00%	0	\$8 415.91	\$1 217.71			294.734	57.000	8.00%	\$1 096 370.61	
	8	\$1 107 602.90	295.682	58.000	monthly	8.10%	0	\$8 563.69	\$1 210.50			294.682	57.000	8.10%	\$1 106 392.40	
	9	\$1 117 660.95	298.000	58.000	monthly	8.20%	0	\$8 691.38	\$1 181.32			297.000	57.000	8.20%	\$1 116 479.63	
		\$10 058 673.28	289.322	56.753		8.202%		\$79 159.52	\$11 551.94	\$0.00		288.326	55.753	8.202%	\$10 047 121.34	\$0.00

Box

- 4A \$1 146 468.62
- 4B \$1 136 472.40
- 4C
- 4D \$1 126 476.05
- 4E
- 4F \$6 637 704.27
- 4G \$10 047 121.34

Interest \$61 906.35

Test 3 - Investor loan 3 is modified because loan 3 converted into weekly payment



Test 4 - Month 4 (Oct.) MTG Servicing System

Month	Loan	Opening balance	Amortization	Term	Frequency	Rate	Payment				Remaining			Closing balance	Interest penalty	
							Total	Principal	Unsch. Princ.		Amort.	Term	Rate			
4	1	\$1 096 383.14	997.280	247.000	weekly	8.00%	0	\$8 494.72	\$1 901.16			993.280	243.000	8.00%	\$1 094 481.98	
	2	\$1 106 683.95	641.193	124.000	bi-weekly	8.10%	0	\$7 863.82	\$1 118.88			639.193	122.000	8.10%	\$1 105 565.07	
	3	\$1 115 856.25	1018.131	249.000	weekly	8.20%	0	\$8 691.36	\$1 815.84			1014.131	245.000	8.20%	\$1 114 040.41	
	4	\$1 126 476.05	296.000	55.000	monthly	8.30%	0	\$0.00	\$0.00			295.000	54.000	8.30%	\$1 126 476.05	
	5	\$1 136 472.40	295.000	53.000	monthly	8.40%	0	\$9 011.65	\$1 192.09			294.000	52.000	8.40%	\$0.00	
	6	\$1 146 468.62	294.000	52.000	monthly	8.50%	0	\$9 174.19	\$1 193.55			293.000	51.000	8.50%	\$1 145 275.07	
	7	\$1 096 383.14	1281.609	247.000	weekly	8.00%	0	\$7 722.48	\$1 127.18			1277.609	243.000	8.00%	\$1 095 255.96	
	8	\$1 106 683.95	641.193	124.000	bi-weekly	8.10%	0	\$7 863.82	\$1 118.88			639.193	122.000	8.10%	\$1 105 565.07	
	9	\$1 116 479.63	297.000	57.000	monthly	8.20%	0	\$8 691.38	\$1 189.26			296.000	56.000	8.20%	\$1 115 290.37	
	*10											292.000	52.000	8.40%	\$1 131 000.00	
		\$10 047 887.13						\$67 513.41	\$10 656.85	\$0.00					\$10 032 949.98	\$0.00

Test 4 - loan 5 substituted by loan 10

Test 4 - 10% increase to payment on loan 1

Test 4 - loan 4 in arrears

Test 4 - Month 4 (Oct.) MBS System

Month	Loan	Opening balance	Amortization	Term	Frequency	Rate	Payment				Remaining			Closing balance	Interest penalty	
							Total	Principal	Unsch. Princ.		Amort.	Term	Rate			
4	1	\$1 096 370.61	229.340	57.000	monthly	8.00%	0	\$9 257.64	\$2 067.43			228.340	56.000	8.00%	\$1 094 303.18	
	2	\$1 106 392.40	294.682	57.000	monthly	8.10%	0	\$8 563.69	\$1 218.53			293.682	56.000	8.10%	\$1 105 173.86	
	3	\$1 115 698.63	234.069	57.000	monthly	8.20%	0	\$9 472.38	\$1 975.51			233.069	56.000	8.20%	\$1 113 723.11	
	4	\$1 126 476.05	296.000	55.000	monthly	8.30%	0	\$8 850.71	\$1 190.66			295.000	54.000	8.30%	\$1 125 285.39	
	5	\$1 136 472.40	295.000	53.000	monthly	8.40%	0	\$9 011.65	\$1 192.09	\$1 135 280.32		0.000	0.000	0.00%	\$0.00	
	6	\$1 146 468.62	294.000	52.000	monthly	8.50%	0	\$9 174.19	\$1 193.55			293.000	51.000	8.50%	\$1 145 275.07	
	7	\$1 096 370.61	294.734	57.000	monthly	8.00%	0	\$8 415.91	\$1 225.70			293.734	56.000	8.00%	\$1 095 144.91	
	8	\$1 106 392.40	294.682	57.000	monthly	8.10%	0	\$8 563.69	\$1 218.53			293.682	56.000	8.10%	\$1 105 173.86	
	9	\$1 116 479.63	297.000	57.000	monthly	8.20%	0	\$8 691.38	\$1 189.26			296.000	56.000	8.20%	\$1 115 290.37	
	*10						0			(\$1 131 000.00)		292.000	52.000	8.40%	\$1 131 000.00	
		\$10 047 121.34	281.190	55.753		8.202%		\$80 001.25	\$12 471.27	\$4 280.32		279.967	54.754	8.202%	\$10 030 369.75	\$0.00

Box

4A \$1 145 275.07
 4B \$1 131 000.00
 4C
 4D \$1 125 285.39
 4E
 4F \$6 628 809.29
 4G \$10 030 369.75

Interest \$61 835.25

*10 is not included in opening balance totals or averages

Test 4 - prepayment to investor as a result of substitution

Test 4 - 10% increase to payment on loan 1



Test 5 - Month 5 (Nov.) MTG Servicing System

Month	Loan	Opening balance	Amortization	Term	Frequency	Rate	Payment				Remaining			Closing balance	Interest penalty
							Total	Principal	Unsch. Princ.		Amort.	Term	Rate		
5	1	\$1 094 481.98	993.280	243.000	weekly	8.00%	0	\$8 494.72	\$1 912.63	\$1 092 569.35	0.000	0.000	8.00%	\$0.00	\$21 562.36
	2	\$1 105 565.07	639.193	122.000	bi-weekly	8.10%	0	\$7 863.82	\$1 125.71	\$10 000.00	620.139	120.000	8.10%	\$1 094 439.36	
	3	\$1 114 040.41	1014.131	245.000	weekly	8.20%	0	\$10 864.20	\$2 285.60		1009.131	240.000	8.20%	\$1 111 754.81	
	4	\$1 126 476.05	295.000	54.000	monthly	8.30%	0	\$0.00	\$0.00		294.000	53.000	8.30%	\$1 126 476.05	
	10	\$1 131 000.00	292.000	52.000	monthly	8.40%	0	\$8 996.76	\$1 214.85		291.000	51.000	8.40%	\$1 129 785.15	
	6	\$1 145 275.07	293.000	51.000	monthly	8.50%	0	\$9 174.19	\$1 201.86		292.000	50.000	8.50%	\$1 144 073.21	
	7	\$1 095 255.96	1277.609	243.000	weekly	8.00%	0	\$7 722.48	\$1 133.97		1273.609	239.000	8.00%	\$1 094 121.99	
	8	\$1 105 565.07	639.193	122.000	bi-weekly	8.10%	0	\$7 863.82	\$1 125.71		637.193	120.000	8.10%	\$1 104 439.36	
	9	\$1 115 290.37	296.000	56.000	monthly	8.20%	0	\$8 691.38	\$1 197.25		295.000	55.000	8.20%	\$1 114 093.12	
		\$10 032 949.98						\$69 671.37	\$11 197.57	\$1 102 569.35				\$8 919 183.06	\$21 562.36

Test 5 - loan 4 two months in arrears

Test 5 - loan 1 fully liquidated

Test 5 - \$10,000 prepayment on loan 2

Test 5 - Month 5 (Nov.) MBS System

Month	Loan	Opening balance	Amortization	Term	Frequency	Rate	Payment				Remaining			Closing balance	Interest penalty
							Total	Principal	Unsch. Princ.		Amort.	Term	Rate		
5	1	\$1 094 303.18	228.340	56.000	monthly	8.00%	0	\$9 257.64	\$2 080.98	\$1 092 222.21	0.000	0.000	0.00%	\$0.00	\$21 562.36
	2	\$1 105 173.86	293.682	56.000	monthly	8.10%	0	\$8 563.69	\$1 226.62	\$10 000.00	284.767	55.000	8.10%	\$1 093 947.24	
	3	\$1 113 723.11	233.069	56.000	monthly	8.20%	0	\$9 472.38	\$1 988.78		232.069	55.000	8.20%	\$1 111 734.33	
	4	\$1 125 285.39	295.000	54.000	monthly	8.30%	0	\$8 850.71	\$1 198.75		294.000	53.000	8.30%	\$1 124 086.64	
	10	\$1 131 000.00	292.000	52.000	monthly	8.40%	0	\$8 996.76	\$1 214.85		291.000	51.000	8.40%	\$1 129 785.15	
	6	\$1 145 275.07	293.000	51.000	monthly	8.50%	0	\$9 174.19	\$1 201.86		292.000	50.000	8.50%	\$1 144 073.21	
	7	\$1 095 144.91	293.734	56.000	monthly	8.00%	0	\$8 415.91	\$1 233.73		292.734	55.000	8.00%	\$1 093 911.17	
	8	\$1 105 173.86	293.682	56.000	monthly	8.10%	0	\$8 563.69	\$1 226.62		292.682	55.000	8.10%	\$1 103 947.24	
	9	\$1 115 290.37	296.000	56.000	monthly	8.20%	0	\$8 691.38	\$1 197.25		295.000	55.000	8.20%	\$1 114 093.12	
		\$10 030 369.75	279.967	54.754		8.202%		\$79 986.36	\$12 569.44	\$1 102 222.21	284.314	53.599	8.227%	\$8 915 578.10	\$21 562.36

Box

4A \$1 144 073.21
 4B \$1 129 785.15
 4C
 4D \$1 124 086.64
 4E
 4F \$5 517 633.10
 4G \$8 915 578.10

Interest \$61 732.15

Test 5 - Loan 1 fully liquidated

Test 5 - \$10,000 prepayment on loan 2



Canada

Test 6 - Month 6 (Dec.) MTG Servicing System

Month	Loan	Opening balance	Amortization	Term	Frequency	Rate	Payment				Remaining			Closing balance	Interest penalty	
							Total	Principal	Unsch. Princ.		Amort.	Term	Rate			
6	1	\$0.00	0.000	0.000	0	0.00%	0	\$0.00	\$0.00	\$0.00		0.000	0.000	0.00%	\$0.00	
	2	\$1 094 439.36	314.744	55.000	monthly	8.10%	0	\$11 636.36	\$1 034.20			313.744	54.000	8.10%	\$1 093 405.16	
	3	\$1 111 754.81	1009.131	240.000	weekly	8.20%	0	\$8 691.36	\$1 841.19			1005.131	236.000	8.20%	\$1 109 913.62	
	4	\$1 126 476.05	505.315	114.000	bi-weekly	8.30%	0	\$24 222.91	\$4 224.18			503.315	112.000	8.30%	\$1 122 251.87	
	10	\$1 129 785.15	291.000	51.000	monthly	8.40%	0	\$8 996.76	\$1 223.21			290.000	50.000	8.40%	\$1 128 561.94	
	6	\$1 144 073.21	292.000	50.000	monthly	8.50%	0	\$9 174.19	\$1 210.23	\$9 174.19		283.637	49.000	8.50%	\$1 133 688.79	
	7	\$1 094 121.99	1273.609	239.000	weekly	8.00%	0	\$9 653.10	\$1 427.09			1268.609	234.000	8.00%	\$1 092 694.90	
	8	\$1 104 439.36	637.193	120.000	bi-weekly	8.10%	0	\$11 795.73	\$1 701.46			634.193	117.000	8.10%	\$1 102 737.90	
	9	\$1 114 093.12	295.000	55.000	monthly	8.20%	0	\$8 691.38	\$1 205.30			294.000	54.000	8.20%	\$1 112 887.82	
		\$8 919 183.06						\$92 861.79	\$13 866.86	\$9 174.19					\$8 896 142.01	\$0.00

Test 5 - Loan 2 goes monthly

Test 6 - Loan 4 goes bi-weekly after bringing up arrears

Test 6 - Loan 6 makes double up payment

Test 6 - Month 6 (Dec.) MBS System

Month	Loan	Opening balance	Amortization	Term	Frequency	Rate	Payment				Remaining			Closing balance	Interest penalty	
							Total	Principal	Unsch. Princ.		Amort.	Term	Rate			
6	1	\$0.00	0.000	0.000	0	0.00%	0	\$0.00	\$0.00			0.000	0.000	0.00%	\$0.00	\$0.00
	2	\$1 093 947.24	314.267	55.000	monthly	8.10%	0	\$8 300.00	\$1 037.47			313.267	54.000	8.10%	\$1 092 909.77	
	3	\$1 111 734.33	232.069	55.000	monthly	8.20%	0	\$9 472.38	\$2 002.15			231.069	54.000	8.20%	\$1 109 732.17	
	4	\$1 124 086.64	232.424	53.000	monthly	8.30%	0	\$9 638.84	\$1 995.04			231.424	52.000	8.30%	\$1 122 091.60	
	10	\$1 129 785.15	291.000	51.000	monthly	8.40%	0	\$8 996.76	\$1 223.21			290.000	50.000	8.40%	\$1 128 561.94	
	6	\$1 144 073.21	292.000	50.000	monthly	8.50%	0	\$9 174.19	\$1 210.23	\$9 174.19		283.637	49.000	8.50%	\$1 133 688.79	
	7	\$1 093 911.17	292.734	55.000	monthly	8.00%	0	\$8 415.91	\$1 241.83			291.734	54.000	8.00%	\$1 092 669.34	
	8	\$1 103 947.24	292.682	55.000	monthly	8.10%	0	\$8 563.69	\$1 234.77			291.682	54.000	8.10%	\$1 102 712.46	
	9	\$1 114 093.12	295.000	55.000	monthly	8.20%	0	\$8 691.38	\$1 205.30			294.000	54.000	8.20%	\$1 112 887.82	
		\$8 915 578.10	280.170	53.599		8.227%		\$71 253.16	\$11 150.01	\$9 174.19		278.229	52.603	8.227%	\$8 895 253.90	\$0.00

Box

- 4A \$1 133 688.79
- 4B \$1 128 561.94
- 4C
- 4D \$1 122 091.60
- 4E
- 4F \$5 510 911.57
- 4G \$8 895 253.90

Interest \$54 871.14

Test 5 - loan 2 adjusted based on the new monthly payment

Test 6 - new bi-weekly repayment on loan 4 converted to monthly

Test 6 - loan 6 makes double up payment



Test 7 - Month 7 (Jan.) MTG Servicing System

Month	Loan	Opening balance	Amortization	Term	Frequency	Rate	Payment			Remaining			Closing balance	Interest penalty	
							Total	Principal	Unsch. Princ.	Amort.	Term	Rate			
7	1	\$0.00	0.000	0.000	0	0.00%	0	\$0.00	\$0.00	\$0.00	0.000	0.000	0.00%	\$0.00	
	2	\$1 093 405.16	313.744	54.000	monthly	8.10%	0	\$8 300.00	\$1 041.06		312.744	53.000	8.10%	\$1 092 364.10	
	3	\$1 109 913.62	1005.131	236.000	weekly	8.20%	0	\$8 691.36	\$1 852.58		1001.131	232.000	8.20%	\$1 108 061.04	
	4	\$1 122 251.87	503.315	112.000	bi-weekly	8.30%	0	\$8 850.72	\$1 846.25		501.315	110.000	8.30%	\$1 120 405.62	
	10	\$1 128 561.94	290.000	50.000	monthly	8.40%	0	\$8 996.76	\$1 231.63		289.000	49.000	8.40%	\$1 127 330.31	
	6	\$1 133 688.79	283.637	49.000	monthly	8.50%	0	\$9 174.19	\$1 282.51		282.637	48.000	8.50%	\$1 132 406.29	
	7	\$1 092 694.90	1268.609	234.000	weekly	8.00%	0	\$7 722.48	\$1 149.42		1264.609	230.000	8.00%	\$1 091 545.48	
	8	\$1 102 737.90	634.193	117.000	bi-weekly	8.10%	0	\$7 863.82	\$1 142.97		632.193	115.000	8.10%	\$1 101 594.93	
	9	\$1 112 887.82	294.000	54.000	monthly	8.20%	0	\$8 691.38	\$1 213.40		293.000	53.000	8.20%	\$1 111 674.42	
		\$8 896 142.01						\$68 290.71	\$10 759.82	\$0.00				\$8 885 382.19	\$0.00

Test 7 - Month 7 (Jan.) MBS System

Month	Loan	Opening balance	Amortization	Term	Frequency	Rate	Payment			Remaining			Closing balance	Interest penalty	
							Total	Principal	Unsch. Princ.	Amort.	Term	Rate			
7	1	\$0.00	0.000	0.000	0	0.00%	0	\$0.00	\$0.00		0.000	0.000	0.00%	\$0.00	
	2	\$1 092 909.77	313.267	54.000	monthly	8.10%	0	\$8 300.00	\$1 044.35		312.267	53.000	8.10%	\$1 091 865.41	4A \$1 132 406.29
	3	\$1 109 732.17	231.069	54.000	monthly	8.20%	0	\$9 472.38	\$2 015.60		230.069	53.000	8.20%	\$1 107 716.57	4B \$1 127 330.31
	4	\$1 122 091.60	231.424	52.000	monthly	8.30%	0	\$9 638.84	\$2 008.60		230.424	51.000	8.30%	\$1 120 082.99	4C
	10	\$1 128 561.94	290.000	50.000	monthly	8.40%	0	\$8 996.76	\$1 231.63		289.000	49.000	8.40%	\$1 127 330.31	4D \$1 120 082.99
	6	\$1 133 688.79	283.637	49.000	monthly	8.50%	0	\$9 174.19	\$1 282.51		282.637	48.000	8.50%	\$1 132 406.29	4E
	7	\$1 092 669.34	291.734	54.000	monthly	8.00%	0	\$8 415.91	\$1 249.97		290.734	53.000	8.00%	\$1 091 419.37	4F \$5 504 145.27
	8	\$1 102 712.46	291.682	54.000	monthly	8.10%	0	\$8 563.69	\$1 242.96		290.682	53.000	8.10%	\$1 101 469.50	4G \$8 883 964.86
	9	\$1 112 887.82	294.000	54.000	monthly	8.20%	0	\$8 691.38	\$1 213.40		293.000	53.000	8.20%	\$1 111 674.42	
		\$8 895 253.90	278.229	52.603		8.227%		\$71 253.17	\$11 289.04	\$0.00	277.237	51.603	8.227%	\$8 883 964.86	\$0.00

Interest \$54 746.05



Part F – Definitions

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Part F – Definitions
Glossary

Approved Issuer

A business organization which, having met the criteria established by CMHC, is eligible to issue and administer guaranteed NHA Mortgage-Backed Securities based on an approval from CMHC.

Approved Lender

A lender approved by CMHC for the purpose of making loans under the NHA.

Business Day

Any calendar day during which the Central Payor and Transfer Agent (CPTA) is open for business in Toronto (except Saturdays and Sundays).

Central Payor and Transfer Agent (CPTA)

The institution used by CMHC and the Issuer as Paying Agent to:

- 1) debit the Central P & I Trust Accounts of individual Issuers;
- 2) make payments to Investors in connection with NHA Mortgage-Backed Securities Certificates; and
- 3) provide factors to the marketplace by the 5th business day of each month to facilitate the secondary trading of NHA Mortgage-Backed Securities.

As Transfer Agent:

- 4) to maintain a central registry of owners of the securities certificates issued under the NHA Mortgage-Backed Securities Program;
- 5) to prepare, countersign and issue NHA Mortgage-Backed Securities Certificates; and
- 6) to cancel and replace NHA Mortgage-Backed Securities Certificates tendered in good form by or on behalf of the Investors.

CMHC has appointed Montreal Trust to act as the Central Payor and Transfer Agent (CPTA).



Central P & I Trust Account

The Issuer's account that the CPTA debits monthly in the amounts needed. An Issuer can have only one such account.

CMHC Account Number

The number given to the mortgage loan by CMHC for NHA loan insurance purposes.

Custodian

The financial institution which holds the documents relating to the pooled mortgages on CMHC's behalf for the life of a mortgage pool.

Date of Final Payment

The final payment of principal and interest to the Investors following the maturity of the certificates

Delivery Date

The date the Central Payor and Transfer Agent (CPTA) releases the securities certificates to the Issuer's agent or places the securities certificates in the mail to the Issuer.

Factor

See Remaining Principal Balance Factor.

Guide

CMHC manual for the NHA Mortgage-Backed Securities Program.

Investors

Registered owners (be they a person or legal entity) of Mortgage-Backed Securities Certificates, which represent an undivided beneficial interest in the mortgages in a pool.

Issue Date

The date from which a Mortgage-Backed Securities Certificate, issued under the NHA Mortgage-Backed Securities Program, accrues interest. The issue date for such securities certificates is always the first calendar day of the month of issue.



Issuer

See Approved Issuer.

Mortgage Liquidation

A liquidation is any transaction which reduces the unpaid principal balance of the mortgage loan to zero and includes loans removed from the pool as a result of substitution.

Mortgage Substitution

When a mortgage loan is replaced in a pool with another eligible mortgage loan.

Payment Date or Payment Day

The day that monthly payments of principal and interest (including any applicable bonus interest) are due to the Investors from the Central Payor and Transfer Agent.

P & I Trust Account

An account that an Issuer maintains either itself with CMHC’s consent or with another financial institution. The Issuer deposits into such an account the P & I collected from individual mortgagors for the loans included in one or more of its mortgage pools.

Pool

Under the NHA Mortgage-Backed Securities Program, a group of NHA insured mortgage loans brought together to form a mortgage pool as a base for an issue of securities.

Pool Number

The number which is assigned by CMHC upon approval of an application to issue NHA Mortgage-Backed Securities Certificates and is used to identify the pool of mortgages and the securities certificates based on that pool.

Remaining Principal Balance Factor

The number, calculated monthly by the CPTA, which represents the proportion of the original principal amount of the issuance of NHA Mortgage-Backed Securities Certificates that remains outstanding.



Servicer

An NHA Approved Lender acceptable to CMHC which meets the eligibility criteria specified in this Guide. The Servicer, when engaged by the Issuer, is responsible for the servicing of mortgages in the mortgage pool on behalf of the Issuer.

Settlement Date

Date on which the vendor must deliver the security to the purchaser and the purchaser makes the funds available to settle the purchase transaction.

Tax Trust Account

An account that an Issuer maintains itself by agreement with CMHC, or with a financial institution, into which account the Issuer places the funds collected to pay property taxes for properties securing pooled mortgages.



Part F – Definitions

Common MBS Acronyms

CDIC	Canada Deposit Insurance Corporation
CDS	Canadian Depository for Securities Ltd.
CMHC	Canada Mortgage and Housing Corporation
CPTA	Central Payor and Transfer Agent
CUSIP	Committee on Uniform Security Identification Procedures
EPM	Equal Payment Mortgage
GPM	Graduated Payment Mortgage
IAD	Interest Adjustment Date
IDA	Investment Dealers' Association
ILM	Index-Linked Mortgage
NHA MBS	National Housing Act Mortgage-Backed Securities
OSFI	Office of the Superintendent of Financial Institutions
P&I	Principal and Interest
PIP	Penalty Interest Payment
RAM	Weighted Average Remaining Amortization
UPP	Unscheduled Principal Prepayment
VRM	Variable Rate Mortgage
WAC	Weighted Average Mortgage Rate
WAIAD	Weighted Average Interest Adjustment Date
WAM	Weighted Average Maturity
WAMD	Weighted Average Maturity Date



Part F – Definitions

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