

Standard Terms for NHA MBS Purchase Operation Swap Transactions

1. Swap counterparties providing the swaps in connection with each Purchase Operation Offer by an approved issuer (Issuer) in the purchase operation will be subject to these *Standard Terms for NHA MBS Purchase Operation Swap Transactions*.
2. Eligible swap counterparties include all approved swap counterparties under the CMB Program. Such swap counterparties must enter into an ISDA agreement for purchase operation transactions, including the required Schedule and Credit Support Annex, and agree to the required form of confirmation letter in connection with each purchase offer transaction.
3. The swap will be transacted at the time the accepted Purchase Operation Offer is transacted.
4. Issuers are subject to the *Standard Terms for NHA MBS Purchase Operation*. All payments and prepayments of any nature received under or in connection with the NHA MBS purchased by CMHC will be paid over to CMHC by the Issuer.
5. Under the swap:
 - a. CMHC will pay to the swap counterparty the effective interest received on the purchased NHA MBS less administration costs; and
 - b. CMHC will receive from the swap counterparty an amount equal to the amount of the monthly interest owed by CMHC under the Crown Borrowing Program, calculated using the rate specified in the accepted Purchase Operation Offer.
6. Swap counterparties must meet minimum acceptable credit ratings of A- (S&P) or equivalent ratings from at least two of the following four rating agencies: Dominion Bond Rating Service, Fitch Ratings, Moody's Investors Services and Standard & Poor's (S&P).
7. Threshold limits beyond which collateral must be posted by the swap counterparty under the ISDA agreement are set out below:

Swap Dollar Threshold Amounts	
Credit Rating (S&P)	Counterparty Threshold (millions)
AAA	\$150
AA+	\$100
AA	\$50
AA-	\$25
A+	\$0
A	\$0
A-	\$0
BBB+	\$0