

# Standard Terms for NHA MBS Purchase Operation

1. The purchase of NHA MBS by CMHC from approved Issuers that are in good standing under the NHA MBS and/or approved Sellers that are in good standing under the Canada Mortgage Bonds Program (collectively, the Issuers) will be conducted through a process where CMHC will specify the yield payable to CMHC on NHA MBS purchased and indicate the aggregate maximum amount of NHA MBS that CMHC may purchase.
2. In advance of each NHA MBS Purchase Operation, CMHC will provide a notice of the date that a NHA MBS Call for Offers will be announced on CMHC's website at [cmhc-schl.gc.ca/impp](http://cmhc-schl.gc.ca/impp) and the notice shall specify (i) the methodology that will be used on the operation date to calculate the yield payable to CMHC on NHA MBS purchased; and (ii) the maximum amount of NHA MBS that may be purchased; and (iii) the latest allowable maturity date for the NHA MBS.
3. NHA MBS Call for Offers, containing the details of each call for purchase of eligible NHA MBS, will be available on such website at 9:30a.m. (Ottawa time) on the date specified in the notice (the "Operation Date") and shall specify: (i) the yield payable to CMHC on NHA MBS to be purchased (ii) the maturity date and (iii) the settlement date. This NHA MBS Call for Offers shall not be an offer by CMHC but shall be construed as an invitation to treat.
4. All Offers to Sell (each an "Offer") made by an Issuer, which shall specify the aggregate amount of NHA MBS it will offer to CMHC for purchase, will be subject to these Standard Terms for NHA MBS Purchase Operation.
5. The Issuers must enter into a Purchase Operation Transfer Agreement.
6. Only those parties who are Issuers that have identified a swap counterparty in an Offer that has entered into an ISDA agreement with CMHC may participate. Swap counterparties must comply with the Standard Terms for NHA MBS Purchase Operation Swap Transactions.
7. Issuers must submit the Offers via e-mail using the email address specified in the NHA MBS Call for Offers by no later than 10:00am (Ottawa time) on the Operation Date. No offer received after this deadline will be considered. Each Offer submitted by an Issuer shall be irrevocable and unconditional.
8. CMHC shall not be required to accept any Offer, nor bears any liability whatsoever in that regard and for any errors in the Offers received or for delays in the transmission of the Offers.
9. All NHA MBS pool types will be eligible and must mature and settle on or before the stated maturity date set out in the NHA MBS Call for Offers.
10. Issuers will specify in the Offers the amount of NHA MBS which they are willing to sell. The price for all offered MBS shall be no more than 101% of the principal amount of such MBS and shall be no less than 95% of the principal amount of offered MBS.
11. Where the total amount of Offers submitted is less than the maximum amount to be purchased by CMHC, all Issuers submitting eligible Offers will receive their requested allocation. Where the amount of eligible Issuer Offers to sell NHA MBS exceeds the maximum amount to be purchased by CMHC, the following allocation methodology shall apply:
  - a) CMHC will determine the amount each Issuer would be entitled to sell if the maximum amount to be purchased by CMHC was divided equally among the Issuers. Each Issuer will be allocated an amount equal to the lesser of its equal allocation share and its Offer. Any remaining purchasing capacity will be allocated among the Issuers whose Offers were not fully satisfied in the initial distribution using the same process repeatedly until the maximum amount to be purchased by CMHC has been allocated.
  - b) Issuers who are related parties will share a single allocation.

- c) Aggregators will share a single allocation with any Issuer that issued the NHA MBS being sold by the Aggregator or any Issuer that originated loans included in the NHA MBS being sold by the Aggregator. The Issuer/originator will be allowed to determine how the allocation will be shared between it and the Aggregator at the time the offer is submitted.
  - d) Any Offer that is not made in accordance with these allocation terms and conditions may have an allocation in subsequent NHA MBS Calls for Offers reduced by CMHC in its sole discretion.
12. CMHC shall notify each Issuer who submitted an eligible Offer of their applicable allocation by email at the address set out in the Offer by noon (12:00 p.m.) on the Operation Date.
  13. Each Issuer shall execute and deliver a Supplement to the Transfer Agreement to CMHC including the final details of the NHA MBS sold to CMHC via e-mail by 4:00p.m. (Ottawa time) on the Operation Date using the email address specified in the NHA MBS Call for Offers.
  14. CMHC reserves the right to accept or reject any or all Offers, in whole or in part, including without limitation, the right to accept less than the total amount specified in the NHA MBS Call for Offers.
  15. Issuers' Offers will be treated as confidential, subject to any obligations CMHC, a crown corporation, may have under the Access to Information Act (Canada) and the Privacy Act (Canada) and CMHC's reporting and information disclosure obligations to the Canadian government, which may result in disclosure of information to the Department of Finance, the Office of the Superintendent of Financial Institutions, the Bank of Canada, the Canada Deposit Insurance Corporation and the Financial Consumer Agency of Canada. The allocation results may be made publicly available on CMHC's website on the allocation date without identifying the Issuers.
  16. All NHA MBS delivered pursuant to offers from Issuers must be submitted free and clear of all liens, charges, claims, encumbrances, security interest, or other restrictions of any kind and an Issuer, in delivering the NHA MBS, is deemed to so warrant and represent.
  17. The settlement amount that will be paid for the purchased NHA MBS will be no less than 95% of the principal amount of the NHA MBS. The price for all of the NHA MBS shall be no more than 101% of the principal amount of the NHA MBS.
  18. Settlement will take place no longer than 5 business days following the allocation date.
  19. Settlement will be effected by CMHC, the NHA MBS will be registered in CMHC's name and the NHA MBS shall be transferred and delivered to CMHC as further directed by CMHC.
  20. Proceeds from NHA MBS arising from principal, interest or other fees and charges, including any prepayment penalty or indemnity shall be payable to CMHC monthly. Interest will also be subject to the terms Standard Terms for NHA MBS Purchase Operation Swap Transactions.
  21. No fees or commissions will be paid by CMHC to the Issuers or swap counterparties in connection with the purchases.