

AFFORDABILITY-LINKED POOL ELIGIBILITY CRITERIA AND OPERATIONAL REQUIREMENTS

PURPOSE

To provide updated details on the eligibility criteria and operational requirements related to affordability-linked pools starting January 1, 2021.

BACKGROUND

This Advice provides the updated eligibility criteria and operational requirements relating to affordability-linked pools. For ease of reference, this Advice incorporates details on affordability-linked pools already disseminated through Advice No. 7, Advice No. 8, and the Issuer communiqué dated on February 18, 2020.

POLICY AMENDMENT

Definition of Affordability-linked Pools

Affordability-linked pools include:

- social housing pools with prefix 990, or
- multi-family pools with prefix 965 and 966 with a minimum 20% of the issued amount represented by eligible multi-family loans insured under the CMHC Mortgage Loan Insurance (MLI) Affordable Flex product¹ (Affordable Housing Loans) with the Interest Adjustment Date on or after January 1, 2020.

A minimum of 20% affordability-linked pool content is defined as follows:

- the outstanding principal amount of Affordable Housing Loans free of edits or errors in the 965 or 966 pool that is equal to or higher than 20% of the total outstanding principal amount of the pool as at the settlement date;
- the guarantee may occur at the time of settlement or on a later date when a replacement pool converts to a market pool.

All loans in affordability-linked pools must be free of errors and edits prior to the pool settlement. Due to the process of verifying the Affordable Housing Loan and Social Housing loan identifier codes, any errors or edits related to loan identifier may take CMHC up to three (3) business days after submission to be reported back to issuers. It is the Issuer's responsibility to routinely monitor their Securitization Portal to ensure that their loans remain error free prior to the pool settlement.

¹ Please refer to the CMHC's website for more details: <https://www.cmhc-schl.gc.ca/en/finance-and-investing/mortgage-loan-insurance/rental-housing-solutions/affordable-housing-rental>

Additional Specifics Regarding Affordability-Linked Pools

The following are additional specifics regarding the treatment of affordability-linked pools:

- For purposes of determining the applicable Tier of guarantee fees, affordability-linked pools guaranteed on or after January 1, 2021 are excluded from an Issuer's accumulated total NHA MBS guaranteed within the calendar year. The table of guarantee fees that will apply to NHA MBS guaranteed on or after January 1, 2021 is attached in Appendix A.
- Where an Aggregator's guaranteed affordability-linked pool has mortgage loans from different originators who are also Issuers each originator's loan amount in the affordability-linked pool will be excluded from the calculation of its own annual guarantee amount when assessing against the threshold.
- Any replacement pools issued prior to January 1, 2021 will not be eligible to be converted into market pools as affordability-linked pools.

CMHC will monitor the liquidation and prepayment patterns of affordability-linked pools. When the patterns for Affordable Housing Loans deviate significantly from the normal historical pattern for similar multi-family loans, CMHC reserves the right to apply certain restrictions to such Issuers in regards to preferential treatments for affordability-linked pools.

Reporting requirements

Starting on January 1, 2021, NHA MBS Issuers will be required to report the loan identifier code in the 2824 loan data file for all 965, 966 and 990 pools, as follows:

- 01 – Affordable Housing Loans (MLI Affordable Flex product)
- 02 – Social housing Loans
- 00 – All other loans

For all other NHA MBS pool types, Issuers could choose to report the loan identifier code as "00" or leave it blank. Please see the 2824 loan transmission file in Appendix B for the specific field for the loan identifier (Line 43-44 in the Record Type "N" and "R")

EFFECTIVE DATE OF CHANGE

The eligibility criteria and operational requirements relating to affordability-linked pools will take effect on January 1, 2021.

ENQUIRIES

For further details on these policy changes please contact Geneviève Julien at (416) 250-2711.

For more information on the NHA MBS Program visit the CMHC Web site at www.cmhc.ca or contact CMHC by email at securitization@cmhc.ca or by telephone at 1-800-668-2642.



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APPENDIX A – NHA MBS GUARANTEE FEES, EFFECTIVE JANUARY 1, 2021

Term of NHA MBS	Affordability-linked Pools	Other NHA MBS Pools	
		Tier 1 NHA MBS Guarantees <= \$9B	Tier 2 NHA MBS Guarantees > \$9B
1 month to 6 months	0.05%	0.08%	0.22%
7 months to 1 year 6 months	0.10%	0.17%	0.46%
1 year 7 months to 2 years 6 months	0.15%	0.25%	0.70%
2 years 7 months to 3 years 6 months	0.21%	0.35%	0.98%
3 years 7 months to 4 years 6 months	0.26%	0.43%	1.19%
4 years 7 months to 5 years 6 months	0.30%	0.50%	1.40%
5 years 7 months to 6 years 6 months	0.35%	0.58%	1.61%
6 years 7 months to 7 years 6 months	0.39%	0.65%	1.82%
7 years 7 months to 8 years 6 months	0.44%	0.73%	2.03%
8 years 7 months to 9 years 6 months	0.48%	0.80%	2.24%
9 years 7 months to 10 years 6 months	0.53%	0.88%	2.45%
10 years 7 months to 11 years 6 months	0.56%	0.93%	2.59%
11 years 7 months to 12 years 6 months	0.59%	0.98%	2.73%
12 years 7 months to 13 years 6 months	0.62%	1.03%	2.87%
13 years 7 months to 14 years 6 months	0.65%	1.08%	3.01%
Above 14 years 6 months	0.68%	1.13%	3.15%

APPENDIX B – 2824 LAYOUT FOR NEW LOANS LOAD TRANSMISSION FILE

NHA MBS 2824 - Schedule of Pooled Mortgage Loans

New Loans Load Transmission File

File Layout: PLBULK.LAYOUT / PLLLOAD.LAYOUT

Revision date: June 4, 2020

All numeric fields (defined as 9) must be zero-filled and right justified.

Numeric field definition V represents implied decimal point.

All alpha/numeric fields (defined as X) must be left-justified and filled with spaces.

Fields defined as AA999 represent standard institution codes issued by CMHC and are in a 2-letter, 3-number format.

Files must be provided in Standard ASCII format.

Ability to transmit zipped files provided.

If Zipped - Original File prior to compression must be saved as 2824.TXT

New Pool Loan Detail Exchange Format

1) Record Type "P" - Pool Details

1-1	X	Record Type Value "P"
2-7	X(6)	Pool Issue Date MMDDYY
8-13	X(6)	Pool Maturity Date MMDDYY
14-28	9(13)V99	Opening Principal Balance of Pool
29-34	99V9999	Interest Rate of Pool
35-64	X(30)	Lead Underwriter for the Pool
65-72	9(8)	Pool #
73-77	AA999	Pool Administrator
78-400	X(323)	Filler (spaces)

2) Record Type "N" - Loan Details

1-1	X	Record Type Value "N"
2-21	X(20)	Issuer's Mortgage Loan Number
22-29	9(8)	CMHC Account Number
30	X(1)	Insurer

Blank = CMHC
0 = CMHC
1 = GE
2 = CGMI
3 = NOT USED

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4 = PMI
5-8 = Assigned Insurer Code
9 = Uninsured

31-32 99 Insurance Type
01 = Transactional Homeowner Insurance
02 = Multi-Family Insurance
03 = Portfolio Insurance

33-42 9(10) Insurer's Account Number

43-44 99 Loan Identifier
01 = Affordable Housing Loans (MLI Affordable Flex loans product)
02 = Social Housing Loans
00 = All other loans

45-59 9(13)V99 Principal Balance of Loan

60-65 99V9999 Loan Interest Rate

66-68 9(3) Term of Loan in Months

69-74 X(6) Interest Adjustment Date MMDDYY

75-80 X(6) Final Payment Date MMDDYY

81-86 999V999 Remaining Amortization in Months as at Issue Date

87-101 9(13)V99 Unpaid Balance as at Issue Date

102-121 X(20) Filler

122-156 X(35) Line 1 Mortgagor's Name

157-191 X(35) Line 2 Mortgagor's Name cont'd or 1st line of Property Address

192-226 X(35) Line 3 Property Address cont'd

227-261 X(35) Line 4 Property Address cont'd

262-296 X(35) Line 5 Property Address cont'd

297-331 X(35) Line 6 Property Address cont'd

332-366 X(35) Line 7 Property Address cont'd

367-401 X(35) Line 8 Property Address cont'd

402-411 X(10) Postal/Zip Code of Mortgaged Property
(As per Canada Post)

412-431 X(20) Filler (spaces)

432-436 AA999 Mortgage Loan Servicer Code

437-441 AA999 Mortgage Loan Originator

442-446 AA999 Title Holder Code

447-476 X(30) Provincial Registration Number (Optional)

477-496 X(20) Property Identification Number (Optional)

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The following fields should only be populated for variable rate pools

497-502	99V9999	Spread to loan index full term
503-503	X	Sign indicator loan index full term (+ or -)
504-509	99V9999	Spread to loan index introductory
510-510	X	Sign indicator loan index introductory (+ or -)
511-516	9999V99	Introductory period remaining
517-528	9(10)V99	Monthly Payment Equivalent
529-886	X(358)	Filler

3) Record Type "R" - Loan Details for Substitutions

1-1	X	Record Type Value "R"
2-21	X(20)	Issuer's Mortgage Loan Number
22-29	9(8)	CMHC Account Number
30	X(1)	Insurer Blank = CMHC 0 = CMHC 1 = GE 2 = CGMI 3 = NOT USED 4 = PMI 5-8 = Assigned Insurer Code 9 = Uninsured
31-32	99	Insurance Type 01 = Transactional Homeowner Insurance 02 = Multi-Family Insurance 03 = Portfolio Insurance
33-42	9(10)	Insurer's Account Number
43-44	99	Loan Identifier 01 = Affordable Housing Loans (MLI Affordable Flex loans product) 02 = Social Housing Loans 00 = All other loans
45-59	9(13)V99	Principal Balance of Loan
60-65	99V9999	Loan Interest Rate
66-68	9(3)	Term of Loan in Months
69-74	X(6)	Interest Adjustment Date MMDDYY
75-80	X(6)	Final Payment Date MMDDYY
81-86	999V999	Remaining Amortization in Months as at Issue Date
87-101	9(13)V99	Unpaid Balance as at Issue Date

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102-121	X(20)	Filler
122-156	X(35)	Line 1 Mortgagor's Name
157-191	X(35)	Line 2 Mortgagor's Name cont'd or 1st line of Property Address
192-226	X(35)	Line 3 Property Address cont'd
227-261	X(35)	Line 4 Property Address cont'd
262-296	X(35)	Line 5 Property Address cont'd
297-331	X(35)	Line 6 Property Address cont'd
332-366	X(35)	Line 7 Property Address cont'd
367-401	X(35)	Line 8 Property Address cont'd
402-411	X(10)	Postal/Zip Code of Mortgaged Property (As per Canada Post)
412-431	X(20)	Filler (spaces)
432-436	AA999	Mortgage Loan Servicer Code
437-441	AA999	Mortgage Loan Originator
442-446	AA999	Title Holder Code
447-476	X(30)	Provincial Registration Number (Optional)
477-496	X(20)	Property Identification Number (Optional)

The following fields should only be populated for variable rate pools

497-502	99V9999	Spread to loan index full term
503-503	X	Sign indicator loan index full term (+ or -)
504-509	99V9999	Spread to loan index introductory
510-510	X	Sign indicator loan index introductory (+ or -)
511-516	9999V99	Introductory period remaining
517-528	9(10)V99	Monthly Payment Equivalent
529-886	X(358)	Filler

4) Record Type "Z" - Trailer Record

1-1	X	Record Type Value "Z"
2-16	9(15)	Total Records on File including P, N or R and Z types
17-300	X(284)	Filler (spaces)