

## OPTIMIZATION OF FORMS IN THE NHA MBS PROGRAM

### PURPOSE

To notify NHA MBS participants of changes to some of the CMHC forms used in the NHA MBS Program.

The new policy becomes effective January 1, 2020, however Issuers will have a 6-month period to transition to the new forms.

### BACKGROUND

As part of CMHC's effort to modernize the NHA MBS Program (the "Program"), a review of Program documentation was conducted to seek more efficiencies for Approved Issuers and other parties involved in the NHA MBS Program and to ensure that documentation reflects current Program requirements. As such, CMHC is pleased to announce a number of changes and/or enhancements to the following CMHC forms. The affected forms are the following:

- Certification and Agreement, CMHC 2816
- Custodial Agreement, CMHC 2820
- Schedule of Pooled Mortgages, CMHC 2824
- Schedule of Subscribers and Contractual Agreement, CMHC 2830

### POLICY AMENDMENT

#### **Certification and Agreement, CMHC 2816**

- CMHC is merging Certification and Agreement, CMHC 2816 with Schedule of Pooled Mortgages, CMHC 2824 and eliminating form CMHC 2816 from the Program. See below for a description of other changes to CMHC 2824.

#### **Custodial Agreement, CMHC 2820**

- As of the effective date, CMHC will elevate form CMHC 2820 to a Program-level form from its present Pool-level status, meaning that, for Issuers that only use one Custodian, this form will be required to be submitted only once upon admission to the NHA MBS Program. Approved Issuers already participating in the Program will be required to execute and submit a revised form CMHC 2820 that will be applied to all pools issued thereafter. The language of this form has been updated to reflect this policy amendment.

Issuers will be required to submit an updated CMHC 2820 should they change their Custodian at a future time.

**Schedule of Pooled Mortgages, CMHC 2824**

- This form has been updated extensively with the following policy amendments:
  1. Certification and Agreement, CMHC 2816 has been merged with CMHC 2824. The Issuer Attestation and Agreement that appeared on the former CMHC 2816 form now appears within CMHC 2824 in the form of a drop down menu for Approved Issuers to make the appropriate selection.
  2. The revised form CMHC 2824 incorporates by reference New Loans Load Transmission File (flat file) and a PDF format file containing the complete loan details for each loan in the pool, which electronic files are to be submitted to the Custodian by the Issuer. A paper copy submission of the loan details will no longer be required. As such, we have removed the section of the form where the loan details were previously inserted as the digital files will serve as the sole list of loans underlying the Pool. Issuers must ensure that, for each pool, both a flat file and a PDF format file containing loan details are submitted to the Custodian. An Appendix has been added to the new CMHC 2824 which lists all of the information that is required to be submitted to the Custodian in the electronic files.
  3. The pool type will now be selected by the Issuer from a drop down menu within the updated CMHC 2824.
  4. Issuers will no longer be required to have the CMHC 2824 notarized and consequently, this requirement has been removed from the updated CMHC 2824.
  5. The ``Assumption`` indicator has been added as an option within CMHC 2824.

**Schedule of Subscribers and Contractual Agreement, CMHC 2830**

- CMHC has removed the *CUSIP Number* and *CMHC USE ONLY* fields as this information is captured by other Program documentation and is no longer required to be captured within CMHC 2830.

**Effective Date of Change**

This policy applies to new pools issued on or after January 1, 2020. Issuers will have a 6-month period from the effective date to transition to the new forms; therefore, during that period Issuers are permitted to continue using the old forms or migrate to the new forms at their discretion. Please note that once Issuers have migrated to the new forms, they will not be permitted to revert back to the old forms. The transition period will cease on July 1, 2020 and all Approved Issuers will be required to use the new forms for all NHA MBS issued from this date forward in order to participate in the program.

## ENQUIRIES

For further details on these policy changes please contact Anna Anderson at 416-250-3264.

For more information on the NHA MBS Program visit the CMHC Web site at [www.cmhc.ca](http://www.cmhc.ca) or contact CMHC by email at [securitization@cmhc.ca](mailto:securitization@cmhc.ca) or by telephone at 1-800-668-2642.



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