

## CHANGE IN THE TIMING OF NHA MBS FEES REMITTANCE

### PURPOSE

To announce a revision to the timing of NHA MBS fees remitted by Issuers to CMHC in order to participate in the NHA MBS Program.

### BACKGROUND

Issuers participating in the NHA MBS Program are required to remit to CMHC an application fee and a guarantee fee (collectively NHA MBS fees) at the same time as they deliver a Schedule of Subscribers and Contractual Agreement, CMHC 2830 in order to be granted the CMHC Guarantee on their respective NHA MBS pools. Once the NHA MBS fees have been remitted (in addition to the requisite program documentation), the NHA MBS pools are settled.

The launch of the Insured Mortgage Purchase Program (IMPP) is expected to significantly increase the number of pools securitized within the NHA MBS Program. The present environment during the COVID-19 crisis has also created additional operational challenges for both Securitization Operations and NHA MBS Issuers. This policy amendment is expected to alleviate some pressure in the pool settlement process to ensure that the NHA MBS Pools will be settled in a timely manner to allow the Issuers to access funding at this critical time.

### POLICY AMENDMENT

CMHC is amending its policy to permit NHA MBS pools to settle once the required documentation have been received by the Securitization Centre, and allowing Issuers to remit the NHA MBS fees five (5) business days after the invoice date. For clarity, the NHA MBS pools will be allowed to settle only once all of the requisite documentation have been received.

Issuers are required to remit their NHA MBS fees to CMHC within five business days after the invoice date. If an Issuer fails to remit its fees within this time period, CMHC reserves the right to charge interest on the outstanding amount from the invoice date through the date such amount is paid to CMHC, at a rate per annum equal to the Bank of Canada rate plus three (3) percentage points. In addition, Issuers who have outstanding fees will not be permitted to participate in the NHA MBS Program until their NHA MBS fees plus any interest on the outstanding amount is remitted in full. CMHC reserves the right to prohibit any deliberately and/or repeatedly delinquent Issuers from further participation in the NHA MBS Program; or require such Issuers to remit their respective NHA MBS fees prior to pool settlement.

Revisions to the NHA MBS Guide reflecting these policy changes may be made concurrent with the next scheduled update.

## EFFECTIVE DATE OF CHANGE

This policy will take effect immediately and will apply to all pools issued by Issuers participating in the NHA MBS Program.

CMHC reserves the right, in its sole discretion, to revert back to its policy of requiring the payment of NHA MBS fees prior to pool settlement at any time.

## 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.



**Carla Staresina**

Vice-President, Risk Management, Strategy and Products