

CANADA MORTGAGE AND
HOUSING CORPORATION

The NHA Mortgage- Backed Securities Guide 2024



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CMHC helps Canadians meet their housing needs

Canada Mortgage and Housing Corporation (CMHC) has been helping Canadians meet their housing needs for more than 75 years. As Canada's authority on housing, we contribute to the stability of the housing market and financial system, provide support for Canadians in housing need, and offer unbiased housing research and advice to Canadian governments, consumers and the housing industry. Prudent risk management, strong corporate governance and transparency are cornerstones of our operations.

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Part A

Revision History

What's Inside

The *NHA Mortgage-Backed Securities Guide* (also referred to as “*NHA MBS Guide*” or “*Guide*”) is revised frequently. This edition will be updated whenever amendments are required due to changes in laws or policies. For your reference, the modifications incorporated into this version of the Guide are provided in this section.

Please note the following modifications made to the 2018 NHA MBS Guide (as of October 2023):

Changes have been made to incorporate Advices to Approved Issuers with the following titles and effective dates:

Advice No. 1: Announce the release of the updated NHA MBS Program Guide – March 26, 2018

Advice No. 2: New residential mortgage portfolio data reporting framework for NHA MBS Issuers – March 29, 2018

Advice No. 3: Introducing counterparty rating as a new NHA MBS Program requirement – August 13, 2018

Advice No. 4: Introduction of the new CMHC Securitization Portal – December 19, 2018

Advice No. 5: Revisions to the “Schedule of Pooled Mortgages” – CMHC 2824 – January 14, 2019

Advice No. 6: Optimization of Forms in the NHA MBS Program – November 1, 2019

Advice No. 7: Update to the NHA MBS Guarantee Fees and 2020 Limit for New Guarantees of Market NHA MBS – December 31, 2019

Advice No. 8: Update to the NHA MBS July 1, 2020 Guarantee Fees and 2020 Limit for New Guarantees of Market NHA MBS – April 9, 2020

Advice No. 9: Change in the Timing of NHA MBS Fees Remittance – April 22, 2020

Advice No. 10: Affordability-Linked Pool Eligibility Criteria and Operational Requirements – June 29, 2020

Advice No. 11: Updates to the NHA MBS information circular – October 23, 2020.

Advice No. 12: Collection and Execution of Electronic Documentation in the NHA MBS Program – April 29, 2021

Advice No. 13: Introduction of New CORRA NHA MBS Pool types – September 10, 2021

Advice No. 13: Revised Effective Date of CORRA NHA MBS – November 24, 2021

Advice No. 14: Updating the Specified Procedures Report in the NHA MBS Program – December 14, 2021

Advice No. 15: February 8, 2022: Revisions to the eligibility criteria of Affordability-Linked Pools

Advice No. 16: March 3, 2022: Final CORRA and CDOR Fallback Provisions

Advice No. 17: June 23, 2022: Cessation Date of CDOR Pools and Introduction of Updated Circulars

Advice No. 18: July 14, 2022: Modification to the NHA MBS Allocation Policy

Advice No. 19: October 27, 2022: Modification to the Administration Fee Applicable to Issuers' Unused NHA MBS Guarantee Allocation.

Certain forms have been updated as noted in the various Advices to Approved Issuers or for clarification purposes. The most recent version of each form is available on CMHC's website and individual forms can be saved. All forms have been updated to conform with CMHC's branding criteria.

Various sections in this updated version of the NHA MBS Guide have been moved to improve the flow of the content. Additions or modifications per chapter include the following (*referenced to Advice No. where applicable*):

Chapter 1

Strategy section has been revised to include CMHC's aspiration that everyone living in Canada has a home they can afford and that meets their need and that CMHC's securitization programs aim to support financial stability.

- Incorporates the reference to the annual limits on the amount of new CMHC Guarantees that are set by the Minister of Finance.
- Allocation is included as part of the Key Program Provision. Allocation requests must be submitted through the Securitization Portal (*Advice 4*).

Chapter 2

Dedicated to Program Participants, this chapter provides a summary of the requirements and prerequisites Program Participants must meet before being authorized to participate in the NHA MBS Program. Chapter 2 also describes their main roles and responsibilities.

- Custodian and Title Custodian Eligibility Requirements have been updated to address the need to enhance security and protection of electronic documents and files.
- Introduces the execution of [CMHC 2820](#) Custodial Agreement as a Program Level Document (*Advice 6*).

Chapter 3

Exclusively dedicated to Issuers, the Approval process to become an Approved Issuer, Issuer Responsibilities and Periodical Reporting Requirements.

- Introduces form [CMHC 2807](#) Electronic Documentation Acknowledgement and Agreement for the execution and submission of electronic documents.
- Application forms and supporting documents must be submitted using the Securitization Portal (*Advice 4*).
- Introduces the New residential mortgage portfolio data reporting framework for NHA MBS Issuers (*Advice No. 2*) and
- Introduces the Agreed-Upon Procedures Report (AUPR) in substitution of the Specified Procedures Report (SPR) to align with the new Canadian Standard on Related Services (CSRS) 4400, Agreed-Upon Procedures Engagement (*Advice No. 14*).
- Incorporates Issuer's obligation to submit data on uninsured mortgage as part of the Issuer's quarterly reporting requirements (*Advice 2*), and the use of the [fidelity bond verification checklist](#) that is available for Issuers upon request and through the CMHC website under Other Program Documentation
- Lists updated fees and charges paid by the Issuer in connection with the NHA MBS Guarantee.

Chapter 4

Provides guidance to Issuers experiencing material changes in its business status: Mergers/Amalgamations and Name Changes, Details steps and documentation to execute in the infrequent cases of Transfer of Issuer and Transfer of Servicing Responsibility.

Chapter 5

Describes the Loan eligibility criteria as well as pool and Loan parameters and the Pool types.

- Introduces New CORRA NHA MBS Pools (*Advice 13*).
- Notifies the Cessation of CDOR NHA MBS Pools (*Advice No. 17*).
- Introduces the Affordability linked Pools (*Advice 10*).

Chapter 6

Describes the Procedures for the Issuance of NHA MBS,

- Details allocation requests (*Advice 18*) and
- Applications for the CMHC Guarantee Approval now submitted and processed through the Securitization Portal (*Advice 4*).

Chapter 7

Details the changes in NHA MBS Program execution and submission of documentation derived from the use of the CMHC Portal and the authorization of Electronic Documentation.

- Introduces the electronic file that contains the complete loan details for each loan in the pool as per [Appendix to CMHC 2824](#).
- Details the documents that must be submitted before requesting NHA MBS Guarantee and the documents that must be submitted on every issuance.
- Issuer's rating references modified by introduction of counterparty rating (*Advice No. 3*).

Part D

- Introduces the execution of [CMHC 2807](#) Electronic Documentation Acknowledgement and Agreement as a Program Level Document and the use of the replica signature in some of the NHA MBS Forms (*Advice 12*).
- Introduces modifications to the number of copies to be executed and to the distribution of required documents (*Advice 12*).
- CMHC 2840 Provides more detail and clarity regarding how to code and when to liquidate Loans in the Pools.

Part E

- [Appendix 6](#) – Fees and charges – lists the details of the CPTA Fees payable by the Issuer and provides CPTA contact information.
- [Appendix 7](#) – Mortgage Formulas and Accounting Conventions – Includes an updated UPP standardized calculation and CORRA NHA MBS calculation conventions.
- [Appendix 10](#) (new) – Flow data requirements for uninsured mortgages have been introduced (*Advice No. 2*).

Part F

- New definitions for “Counterparty rating or assessment” and “Minimum Acceptable Rating” have been introduced (*Advice No. 3*).
- New definition for One-Month Daily Compounded CORRA (*Advice No. 13*).
- New definitions for Newly Formed or Dormant Entity.
- New definition for Aggregator, Aggregation Ratio and Evaluation Period (*Advice No. 18*)
- New acronyms have been added: CORRA, HELOC.

General

As a reference, the previous electronic versions of the English NHA MBS Guide can be accessed from the CMHC website under the NHA Mortgage-Backed Securities section found at www.cmhc.ca.

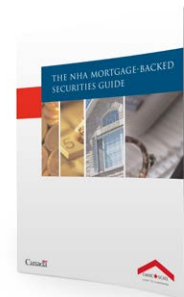
All issuers are required to refer to the most current version of the NHA MBS Guide to ensure they meet all requirements under the NHA MBS Program.



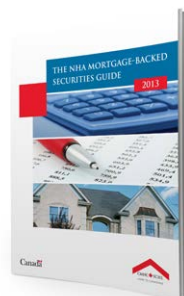
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2000 version



2006 version



2013 version



2018 version

Part B

General Information

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Authority

CMHC is a Crown corporation wholly owned by and acts solely as agent on behalf of and for the Canadian government. CMHC's powers are prescribed in the *Canada Mortgage and Housing Corporation Act*, the *Financial Administration Act* and the *National Housing Act*. The *National Housing Act* Chapter N-11 of the 1985 Revised Statutes of Canada, as amended, contains the following:

Section 4 provides that:

"Every right or obligation acquired or incurred by the Corporation under this Act, whether in its name or in the name of His Majesty, is a right or obligation of His Majesty."

Section 14 provides that:

"(1) The Corporation may – with the Minister of Finance's approval and on any terms or conditions that are specified by him or her – guarantee payment of any or all of the principal or interest, or both, in respect of securities issued on the basis of housing loans..."

Rationale

The policies detailed within this NHA MBS Guide are required to document the minimum requirements of the NHA MBS Program.

Scope

Loans insured under the *National Housing Act* or by Approved Private Mortgage Insurers under the *Protection of Residential Mortgage or Hypothecary Insurance Act* are eligible to be pooled, subject to the criteria detailed in this version of the NHA MBS Guide.

Inquiries

Unless otherwise directed in this Guide, please address your questions concerning the NHA MBS Program to:

CMHC Securitization Centre
70 York Street, Suite 1100
P.O. Box 8
Toronto, Ontario
M5J 1S9

E-mail: securitization@cmhc-schl.gc.ca
Telephone: 416-250-2700 or 1-800-668-2642
or visit the NHA Mortgage-Backed Securities web page at www.cmhc.ca/mbs.

Part C

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Chapter 1

The NHA Mortgage-Backed Securities Program

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At a Glance

This chapter gives an overview of the NHA Mortgage-Backed Securities Program also referred to as the “NHA MBS Program” or the “Program” and describes CMHC's role under federal statutes. Chapter 1 also summarizes the form of the CMHC Guarantee, outlines Issuer participation in the Program, and outlines principal provisions of the NHA MBS Program. In addition, this chapter describes the relationship between the NHA MBS Program and the Canada Mortgage Bonds (CMB) Program.

NHA MBS Program

As Canada's authority on housing, CMHC contributes to the financial stability, sustainability and competition in the housing finance market, and supports Canadians in addressing their housing needs. CMHC's aspiration is that everyone living in Canada has a home they can afford and that meets their needs.

CMHC as agent of His Majesty in right of Canada undertakes to make payment of principal and interest in respect of any such NHA MBS where the Issuer has defaulted in fulfilling such obligation of timely payment to Investors or their representatives. Such guarantee is a surety and is referred to hereafter as the “CMHC Guarantee” or the “NHA MBS Guarantee.” CMHC's securitization programs aim to support financial stability by providing lenders with reliable mortgage funding.

Canada Mortgage and Housing Corporation (CMHC) guarantees timely payment to Investors on NHA Mortgage-Backed Securities (NHA MBS) that are issued by Issuers and backed by Pools of insured mortgages. Under the Program, Investors receive principal and interest payments.

The [annual limits](#) on the amount of new CMHC Guarantees of Market NHA MBS are set by the Minister of Finance and are an important oversight mechanism to manage housing market risks and the Government's exposure to the housing sector. The NHA MBS Program utilizes a Central Payor and Transfer Agent (CPTA). The use of one designated CPTA for all Issuers makes greater Program efficiency possible in paying Investors, transferring NHA MBS and issuing new NHA MBS.

NHA MBS issued under the Program use the “modified pass-through” approach. When borrowers fail to make timely payments on their Loans that are at least equal to the monthly payments made to Investors, the Issuer ensures that the necessary funds are available. CMHC guarantees that the monthly payments are made to Investors on a timely basis. See Part E Appendix 1 NHA MBS Certificate for a sample of the NHA MBS Certificate (the “Certificate”).

CMHC's Form of Guarantee

The CMHC Guarantee appears on the face of the Certificate and in the NHA MBS Information Circular and provides that:

“CMHC, as agent for His Majesty in right of Canada, guarantees the timely payment of the principal and interest set forth in the Certificate and Circular in accordance with terms and conditions applicable to the NHA MBS, pursuant to the powers given to CMHC in sections 4 and 14 of the *National Housing Act*, R.S.C. 1985 as amended which expressly provide that “Every right or obligation acquired or incurred by the Corporation under this Act, whether in its name or in the name of His Majesty is a right or obligation of His Majesty” (Section 4), and the Corporation may “guarantee payment of any or all of the principal or interest, or both, in respect of securities issued on the basis of housing loans” (Section 14). It is certified that no provision of any law or contract adversely affects the rights of the holder to the benefit of this guarantee.”

In addition, the Certificate provides that the Investor, in purchasing an ownership interest in the guaranteed Pool, agrees to CMHC acting as its trustee with respect to the holding of the Loans and related security and in the enforcement of any rights against the Issuer. If and to the extent payment is made under the CMHC Guarantee to the Investor, CMHC will no longer hold such ownership as trustee on behalf of Investors. Instead, such ownership shall be solely CMHC's, as agent of His Majesty in right of Canada, and all rights against the Issuer will be subrogated to CMHC.

In the event of any failure, delay or default under the terms of the Certificate, while the Issuer remains directly responsible and liable for such failure, delay or default, the Investor has the option of recourse to CMHC and His Majesty in right of Canada, as provided in the CMHC Guarantee of timely payment set out on the face of the Certificate, without having to first or jointly claim against the Issuer.

This CMHC Guarantee, executed by facsimile signatures of authorized officers of CMHC and countersigned by the CPTA at the time of issuance of each NHA MBS, constitutes the contract between CMHC and the Investor.

Under certain circumstances that are acceptable to CMHC, NHA MBS will be issued utilizing the Delayed Certificate Inventory (DCI) system, in which case, rather than a Certificate, a receipt evidencing ownership is issued and held in segregated custody for the Holder. For additional details, refer to [Delayed Certificate Inventory](#).

How the Program Works

Issuers participate in the NHA MBS Program by issuing NHA MBS backed by Pools of mortgage Loans.

Issuer eligibility requirements and the procedure to follow in applying for approval to become an Issuer are described in [Chapter 3](#).

CMHC provides the CMHC Guarantee of timely payment on principal and interest to investors in NHA MBS. The maximum annual amount of new guarantees that CMHC can give to Issuers is determined by the Minister of Finance and allocated to Issuers on a quarterly basis. The allocation process and requirements to submit the application for CMHC Guarantee allocation are described in [Chapter 6](#).

With the CMHC Guarantee allocation application processed and approved by CMHC, if it has not already done so, the Issuer begins originating or acquiring Loans for inclusion in a Pool.

The Issuer assembles and administers the Pool itself, but may use a Servicer who must be an Approved Lender or a Qualified Mortgage Lender, to service the Loans in the Pool on its behalf. The Issuer issues NHA MBS. The CPTA issues Certificates, registers the NHA MBS of the Investors in accordance with the instructions of the Issuer and CMHC and later on with the instruction of successive Investors.

CMHC provides the CMHC Guarantee under the NHA MBS Program where the Issuer, the Pools and the NHA MBS to be issued fit within certain criteria. A specific commitment will be provided by CMHC to guarantee timely payment of amounts due on the NHA MBS. The process to apply for CMHC guarantee approval is described in [Chapter 6](#).

[Chapter 8](#) includes a description of the nature of the assignment process for the pooled Loans. [Chapter 2](#) sets forth the procedures relating to the custodial relationship, and [Chapter 9](#) provides the requirements for establishing the Custodial/Trust Accounts.

The Issuer arranges for a Custodian. The Custodian must be acceptable to CMHC. The Custodian maintains possession of the required documents. Custodian eligibility requirements and the procedures relating to the custodial relationship are set forth in [Chapter 2](#). Arrangements must also be made for Custodial/Trust Accounts at a deposit-taking institution. There must be Custodial/Trust Accounts for P & I funds and for tax deposits. The Issuer assigns all rights, title and interest in the Pool and pooled Loans to CMHC as trustee on behalf of Investors. The procedures for marketing NHA MBS are set forth in [Chapter 8](#).

Under the NHA MBS Program, CMHC reviews the Pool documentation and allows the delivery of NHA MBS registrations and Certificates within five (5) full Business Days of receipt by CMHC of a complete document package.

After CMHC has approved the Pool based on the documentation submitted, and after the Custodian has confirmed receipt of that documentation, the CPTA prepares and delivers the NHA MBS registrations and certificates in accordance with instructions provided by the Issuer and CMHC. The Issuer can then plan to sell the NHA MBS to Investors. [Chapter 8](#) describes the preparation, delivery, and registration of the NHA MBS.

Once NHA MBS are issued, the Issuer no longer owns the Loans in the Pool. All Loans and related security in the Pool have now been assigned by the Issuer to CMHC, as trustee on behalf of Investors. CMHC, as agent for His Majesty in right of Canada, by the CMHC Guarantee set forth in the Certificate and as described in this Guide, guarantees to the Investor that the amounts due on the Certificate will be remitted to the Investor on their due dates even if the corresponding amounts have not been paid and collected in respect of the Pool. The Issuer remains responsible for the servicing of the Loans and for depositing the amounts collected on account of the Loans (and depositing its own funds in the event that amounts collected from the Loans are not sufficient to make timely payment of scheduled principal and interest on the NHA MBS) into a P & I Custodial/Trust Account for payment to the Investors by the CPTA. The Issuer is also responsible for periodic reporting to the CPTA and CMHC (as required). The CPTA, in turn, reports to CMHC in accordance with the procedures set forth in [Chapter 2](#).

Key Program Provisions

Allocation

The [annual limits](#) on the amount of new CMHC Guarantees are set by the Minister of Finance. In addition, there is a separate and distinct statutory limit on the total outstanding principal amount of securities in respect of which a CMHC Guarantee may be given. Based on these limits, and to ensure that all issuers have equal access to new guarantees of Market NHA MBS, CMHC will determine, on a quarterly basis, the available capacity for new guarantees of Market NHA MBS and will distribute it in the quarter preceding the related allocation period, taking into consideration the allocation requests that Issuers submit through the Securitization Portal.

Characteristics of Loans in the Pools:

1. Loans are insured against borrower default under the National Housing Act or by an Approved Private Mortgage Insurer.
2. Pooled Loans must be equal payment Loans or floating rate Loans with either fixed or adjustable payments, payable at least once monthly.
3. Loans with remaining amortization periods of 15 years or less must be pooled separately from Loans that have remaining amortization periods of 15 years or more; This requirement does not apply to social housing or multi-family Loans in Pool types with prefix 965, 966 and 990, and to any NHA MBS Pool type where the aggregate principal of the balance of the Pool at issuance does not exceed \$15 million.
4. As at the date of issue, the maturity date of any and all pooled Loans must fall within six (6) months prior to the maturity date of the NHA MBS.
5. Issuers are required to disclose geographic diversification of Loans within the Pools in the NHA MBS Information Circular, [CMHC 2834](#).

Interest Rates on Loans

Loans with different interest rates, within a 2% range, may be included in the same Pool. Interest rate eligibility requirements for different Pools are described in [Chapter 5](#) of this Guide.

Pool Size Restriction

There is no minimum size requirement, however Pools that have a total aggregate outstanding principal balance of less than \$2 million may only be issued in the months of January, April, July and October of each year.

Principal Amount

NHA MBS are issued in an aggregate principal amount not exceeding the aggregate amount of principal outstanding on the Loans.

CMHC Fees

The following are fees payable to CMHC:

1. An Application Fee for each Pool submitted for the CMHC Guarantee.
2. An NHA MBS Guarantee Fee payable for the CMHC Guarantee of timely payment.
3. An administration fee for Issuers' unused annual NHA MBS Guarantee allocation (where applicable).

More information about the applicable CMHC fees can be found in the section entitled “*Fees and Charges Paid by Issuer*” in [Chapter 3](#) of this Guide.

CPTA Fees

The applicable fees detailed in Part E, [Appendix 6 – Fees and Charges](#), are payable to the CPTA for services provided.

Linkage to Canada Mortgage Bonds (CMB) Program

Under the CMB Program, CMHC guarantees the Canada Mortgage Bonds (CMBs) issued by a special purpose trust, Canada Housing Trust (CHT). CHT uses the proceeds of its bond issuances to finance the purchase of NHA MBS from Sellers.

For details on fees under the CMB Program, please refer to [Chapter 3](#) of this Guide; for additional details on the CMB Program please refer to the [CMB User Guide](#).

Delayed Certificate Inventory (DCI)

For replacement NHA MBS, NHA MBS sold to CHT, and for Market NHA MBS with Guarantee fees paid that investors choose to hold in electronic format, Certificates will be held in Delayed Certificate Inventory (DCI) and individual Investors will receive receipts reporting ownership position, not Certificates. At any time, however, the holder will have the right to obtain a physical Certificate. In the case of replacement NHA MBS, a physical Certificate can be obtained upon payment of applicable NHA MBS Guarantee Fees and applicable CPTA Fees (for details, see the section entitled “[Fees and Charges Paid by Issuer](#)” in [Chapter 3](#) of this Guide and Part E, [Appendix 6 – CPTA Fees and Charges](#)).

Chapter 2

Program Participants and Their Eligibility Criteria

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At a Glance

Chapter 2 is a summary of the roles and responsibilities of NHA MBS Program Participants. It also contains the requirements, prerequisites, and criteria that a Program Participant must meet before it can be authorized to participate in the NHA MBS Program, including a list of the documents that each Program Participant must submit together with its request for approval and references CMHC's right to terminate its participation in the NHA MBS Program.

The Issuer's Approval, Responsibilities and Reporting Requirements will be covered in [Chapter 3](#) of this Guide.

Central Payor and Transfer Agent (CPTA)

The CPTA is the institution used to make payments to Investors in connection with the NHA MBS. The CPTA also maintains a central registry of owners of the NHA MBS issued under the NHA MBS program and prepares, countersigns and issues NHA MBS Certificates.

As paying agent, the CPTA is used by CMHC and the Issuer to:

1. debit the Central P & I Custodial/Trust Accounts of individual Issuers, and/or receive the monthly funds transfer from the Issuers;
2. make payments to Investors in connection with NHA MBS; and
3. provide factors to the marketplace by the fifth Business Day of each month to facilitate the secondary trading of NHA MBS; and

As transfer agent, the CPTA is used by CMHC and the Issuer to:

4. maintain a central registry of owners of the NHA MBS issued under the NHA MBS Program;
5. prepare, countersign and issue NHA MBS Certificates; and
6. cancel and replace NHA MBS Certificates tendered in good form by or on behalf of the Investors.

Reporting and Withholding on Income Flows

The CPTA will prepare, file with the appropriate authorities and distribute all reports required under federal or provincial income tax laws for all NHA MBS issued. In doing so, the CPTA as paying agent will rely on information obtained from the Issuers through monthly accounting reports and any necessary clarifications. Issuers are responsible for the accuracy of all the information supplied to the CPTA. Each Issuer authorizes the CPTA to fulfill the foregoing requirements on its behalf and, if requested by CMHC or the CPTA, will execute any necessary authorizations to do so.

The CPTA is entitled to collect fees in payment for services rendered to, or on behalf of CMHC, Issuers or Investors. The applicable fees are detailed in Part E, [Appendix 6 – Fees and Charges](#).

Insurer

The Institution providing insurance against borrower default.

- under Part I of the *National Housing Act* (NHA), Chapter N-11 of the 1985 Revised Statutes of Canada as amended or,
- an Approved Private Mortgage Insurer approved under the *Protection of Residential Mortgage or Hypothecary Insurance Act* (PRMHIA).

All Loans within a Pool must have valid insurance under the NHA or PRMHIA, as applicable, for the entire term of the Pool.

Private Mortgage Insurers

An Issuer seeking to securitize Loans insured by a private mortgage insurer must ensure that the private mortgage insurer has been approved by CMHC and that the Loans are eligible for pooling.

Approval of Private Mortgage Insurers under the NHA MBS Program

A private mortgage insurer interested in becoming an Approved Private Mortgage Insurer must indicate its interest to the [CMHC Securitization Centre](#), complete an Application for Approval as a Private Mortgage Insurer under the NHA MBS Program, [CMHC 2810](#), and submit the corresponding materials outlined in the form.

1. CMHC assesses the private mortgage insurer against the following criteria:
 - The private mortgage insurer must be an Approved Mortgage Insurer under the *Protection of Residential Mortgage or Hypothecary Insurance Act* and must have approval from the applicable federal and provincial government authorities/ regulators to carry on the business of mortgage insurance in all the provincial and territorial jurisdictions in which pooled mortgages are registered.
 - The private mortgage insurer must demonstrate that it has the technological and operational capabilities to carry out the business of mortgage insurance and meet the verification, reporting, administrative, and operational requirements of the NHA MBS Program.
 - The private mortgage insurer insurance offered for Loans must meet CMHC's criteria for insurance coverage against borrower default and the general eligibility criteria for securitization under the NHA MBS Program.
 - The mortgage insurance obligations of the private mortgage insurer must comply with the terms of the *Protection of Residential Mortgage or Hypothecary Insurance Act*.

2. Once CMHC confirms that the private mortgage insurer meets the above criteria, CMHC will notify the applicant private mortgage insurer that it has received approval conditional on the private mortgage insurer (specifically, the legal entity carrying out the mortgage insurance business in Canada) entering into an Indemnification Agreement and an Administrative Agreement with CMHC. Under these Agreements, the private mortgage insurer agrees to the following:
 - The private mortgage insurer indemnifies CMHC for discrepancies, deficiencies or incongruities between its insurance coverage as compared to NHA mortgage insurance coverage.
 - The private mortgage insurer indemnifies CMHC, the Issuer and Servicer for all losses, costs and expenses resulting from borrower default.
 - The private mortgage insurer is required to provide verification of mortgage insurance coverage for all Loans submitted for pooling.
 - The private mortgage insurer indemnifies CMHC against all losses, costs and expenses resulting from errors and omissions in the verification of insurance.
 - The private mortgage insurer confirms the terms and conditions of the administrative and operational processes to be undertaken by a private mortgage insurer as part of the NHA MBS Program.
3. The private mortgage insurer is required to test system interfaces with CMHC and the Custodian. This will include testing the specific Loan edits specified in the Administrative Agreement entered into with CMHC.
4. Further to the completion of the approval, signing of the Agreements and completion of the system testing, CMHC will issue an Advice to Issuers indicating that the private mortgage insurer has been approved and that the Loans insured by the private mortgage insurer are eligible under the NHA MBS Program.

If a private mortgage insurer application is rejected, CMHC will notify the applicant private mortgage insurer in writing, stating reasons for rejection. An applicant may submit a new application 60 days after the date of rejection. CMHC has, at its sole discretion, the right to refuse for any reason any applicant's request.

Termination of Private Mortgage Insurer Approval

CMHC may discontinue the eligibility for pooling of Loans insured by a private mortgage insurer and, if necessary, terminate its approval of a private mortgage insurer if CMHC, in its sole discretion, determines that a private mortgage insurer has defaulted under the terms and conditions of the Indemnification Agreement or the Administrative Agreement, or if CMHC has reasonable belief that the private mortgage insurer is in jeopardy of no longer meeting the required criteria for approval.

CMHC reserves the right to have the Approved Private Mortgage Insurer re-demonstrate at any time that it continues to meet the approval requirements.

Custodian

A Custodian is an institution acceptable to CMHC that will hold documents and data relating to the pooled Loans and Issuers, on CMHC's behalf for the life of a Pool. This Custodian will also ensure that all data provided by Issuers is kept current in its custody in electronic form. Before the submission of documentation, the Issuer shall establish and maintain for the life of any Pool a Custodial Agreement, that is, an agreement with the Custodian to hold the documents. A Custodial Agreement, [CMHC 2820](#), will be required only once upon admission to the NHA MBS Program. Should an Issuer change their Custodian, the Issuer will be required to submit an updated [CMHC 2820](#).

The Custodian will certify in two (2) stages on the reverse side of the Schedule of Pooled Mortgages, [CMHC 2824](#), that it has examined the required documents in its possession and has found them to be acceptable and in compliance with the requirements of this Guide. Refer to [Chapter 7, Section: The pooling method](#).

Custodian Eligibility Requirements

To be a Custodian, the institution must:

- be a federally or provincially chartered institution authorized to act in a fiduciary capacity with respect to valuable documents or be a bank listed in Schedule I of the *Bank Act*, S.C. 1991, C.46;
- be equipped with secure, fireproof storage facilities, with adequate controls on access to assure the safety, confidentiality and security of the documents, in accordance with industry standards for such storage facilities;
- implement and maintain technical and organizational measures meeting the highest industry standards to protect and secure electronic documents against unauthorized or unlawful disclosure or access and accidental or unlawful loss, destruction or alteration or damage;
- create, for electronic documents, regularly maintained backups independent from the Custodian's primary information technology (IT) system and stored remotely from the Custodian's premises;
- in its custodial function, use employees who are knowledgeable in the handling of mortgage documents and in the duties of a mortgage document custodian, and only grant access to electronic documents and associated data to employees whose work duties require it;
- satisfy such other reasonable requirements that CMHC deems necessary to protect its interest in the Pool documents, including the prompt notification to CMHC of any cyber security incident that could potentially compromise the integrity of the Pool documents;
- have IT systems that can accept electronic versions of Loan details, and be able to transmit that data to CMHC, to an Approved Private Mortgage Insurer and to the CPTA in a form that is readable by CMHC's, the Approved Private Mortgage Insurer's and the CPTA's computer systems; and
- be at arms length from the Issuer.

Transfer of Custodial Responsibilities

Custodial responsibilities must not be transferred without the written approval of CMHC. If a transfer is contemplated, a written request by the Issuer should be addressed to the CMHC Securitization Centre.

Each Custodian is responsible for controlling the documents delivered to it under its custody, including any physical and/or electronic copies of such documents and associated data, until the time of their release to a substitute Custodian. A substitute Custodian is responsible for the safe transfer of the documents to its premises and/or IT environment. Any Custodian must not release the documents to a substitute Custodian until it has received from the Issuer a copy of CMHC's notice of approval.

CMHC's approval will be granted only where a new Custodial Agreement, [CMHC 2820](#), executed by the Issuer and substitute Custodian, is submitted to CMHC.

Following the transfer, the following documents must be submitted to CMHC for each Pool involved:

- a written notice of release of physical documents by the prior Custodian, stating: "All documents held by [name of Custodian] pertaining to CMHC Pool Number _____ have been released to [name of substitute Custodian]. The release was made to [name of individual representing substitute Custodian] and was completed on [date]".
- a written notice of transfer of electronic documents and associated data by the prior Custodian, stating: "All electronic documents held by [name of Custodian] pertaining to CMHC Pool Number _____ have been transferred to [name of substitute Custodian]. The transfer was made to [name of individual representing substitute Custodian] and was completed on [date]."; and

- an updated Schedule of Pooled Mortgages, [CMHC 2824](#), on which Loans that have been satisfied are deleted and the certification countersigned by the new Custodian (an electronic copy of the original Schedule of Pooled Mortgages, [CMHC 2824](#), with a list of Loans remaining in the pool is acceptable). The substitute Custodian must determine, through a review of the inventory control record in the possession of the prior Custodian, Schedule of Pooled Mortgages, [CMHC 2824](#), that it has received all required physical and/or electronic documents and associated data relating to all Loans in the Pool.

Following confirmation by the Issuer that the transfer of electronic documents and associated data to a substitute Custodian has been completed, the prior Custodian must destroy any remaining copies of the electronic documents and data.

Termination of Pool

A Pool arrangement may be terminated prior to the final maturity date of the outstanding NHA MBS in accordance with the provisions in [Chapter 9](#). CMHC will notify the Custodian and authorize the release of any mortgage documents to the Issuer.

Release of Documents

Under the terms of the Custodial Agreement, [CMHC 2820](#), copies of documents may be released to the Issuer from time to time in connection with the servicing of Loans, including foreclosure or other legal actions under the mortgage. The assignment documents in favour of CMHC will continue to apply in respect of a particular mortgage unless all the Loans securitized under the Program that are secured by that mortgage have been paid out.

The mortgage documents will be released normally to the Issuer upon payout to the investors in respect of all the Loans securitized under the Program that are secured by that particular mortgage. Otherwise, CMHC agrees to the release of documents from the Custodian only if the documents are necessary in carrying out administrative actions relating to the Loans. The Custodian must receive from the Issuer a written request for the release of documents before any documents can be released for purposes other than payout or liquidation. The Custodian must retain the written request from the Issuer as evidence of its compliance with the document request procedures.

The standards of care in safeguarding documents that are applicable to Custodians are also applicable to Issuers that have obtained possession of the documents for administrative purposes.

Issuer Review of Custodial Documents

Routine reviews of custodial documents by the Issuer's auditors or staff must be made on the premises of the Custodian while the documents are under the control of the Custodian.

Title Custodian

A Title Custodian is an institution acceptable to CMHC that will hold registered title to all mortgages securitized by a Non-Regulated Issuer and Newly Formed or Dormant Entity, on CMHC's behalf, for the life of the Pool.

Title Custodians will also hold all additional security provided in connection with the pooled mortgages, including any assignment of lease, assignment of rents, general security agreement, chattel mortgage, registered or unregistered agreement amending the mortgages or additional security thereunder. Prior to initial certification of any Pool, the applicable Title Custodian shall certify on the Title Custodian Certifications, [CMHC 2825](#), that title to pooled mortgages are registered in its name.

Title Custodian Eligibility Requirements

To be a Title Custodian, the institution must:

- be a federally incorporated institution regulated by The Office of Superintendent of Financial Institutions (OSFI) and authorized to act in a fiduciary capacity with respect to valuable documents, namely a trust company;
- be equipped with secure, fireproof storage facilities with adequate controls on access to assure the safety, confidentiality and security of the documents, in accordance with industry standards for such storage facilities;
- implement and maintain technical and organizational measures meeting the highest industry standards to protect and secure electronic documents against unauthorized or unlawful disclosure or access and accidental or unlawful loss, destruction or alteration or damage;
- create, for electronic documents, regularly maintained backups independent from the Title Custodian's primary information technology (IT) system and stored remotely from the Title Custodian's premises;
- in its custodial function, use employees who are knowledgeable in the handling of mortgage documents and in the duties of a mortgage title custodian, and only grant access to electronic documents and associated data to employees whose work duties require it;
- satisfy such other reasonable requirements that CMHC deems necessary to protect its interest in the Pool documents, including the prompt notification to CMHC of any cyber security incident that could potentially compromise the integrity of the Pool documents; maintain segregated mortgage records for each Servicer/Issuer with certified Loan title status and registration numbers of the mortgages.

Provided the above criteria are satisfied, the Title Custodian may be the same institution the Issuer has enlisted as its Custodian.

Chapter 3

The Issuer: Approval, Responsibilities and Reporting Requirements

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At a Glance

Chapter 3 sets out requirements, prerequisites, and criteria that a participant must meet before it can be authorized to issue NHA MBS and administer the Loans in the Pools. Chapter 3 also provides a description of an Issuer's roles and responsibilities and a summary of the periodic reporting and other documentation requirements that the Issuer must provide to CMHC.

Issuer

A business organization that, having met the criteria established by CMHC, is approved to issue and administer NHA MBS.

Basic Eligibility Requirements

An entity applying to be an Issuer of NHA MBS must meet and comply with the requirements set forth in this Chapter to issue NHA MBS that carry the CMHC Guarantee and to administer the Loans in the Pools. CMHC may, at its sole discretion and for any reason, refuse an Issuer's request to participate as an Issuer of NHA MBS.

The Issuer must be operating in Canada, be subject to Canadian laws and be legally authorized to conduct its mortgage business as well as to issue NHA MBS.

The Issuer must have the experience, management capability and facilities necessary to assure CMHC of its ability to issue and administer NHA MBS.

The Issuer must also meet an adjusted net worth requirement, as defined and calculated as per Part E, [Appendix 5 – Net Worth](#) of this Guide.

If the Issuer is a Newly Formed or Dormant Entity or is a Non-Regulated Institution, additional requirements apply. For details, see [Additional Requirements Applicable to Newly Formed or Dormant Entities](#) and [Additional Requirements Applicable to Non-Regulated Issuers](#), below.

When an Issuer wishes to participate in the NHA MBS Program, it must supply CMHC with copies of its audited annual financial statements (which shall include any notes to the financial statements) for the three (3) most recent fiscal years. The Issuer's audited financial statements must be audited by an independent public accountant that is subject to the Canadian Public Accountability Board's (CPAB) oversight and is in good standing. If an audited financial statement covers a period ending more than six (6) months prior to the date CMHC receives the application for participation, a current unaudited statement signed by the Issuer's chief financial officer or other authorized officer must also be submitted. An Issuer that is a Newly Formed or Dormant Entity that is unable to provide audited financial statements for the three (3) most recent fiscal years may be exempt from this requirement if it complies with the Additional Requirements Applicable to Newly Formed or Dormant Entities set forth below.

The Issuer must provide CMHC with the certificate of insurance, covering a 12 months period, evidencing that it maintains a financial institution fidelity bond/insurance satisfying the criteria and requirements outlined in Part E, [Appendix 9](#). CMHC may ask for a copy of the policy or another relevant document in lieu thereof.

Application to become an Approved Issuer

The following forms are required when applying to become an approved Issuer. A current version of forms will be maintained on the [CMHC website](#).

- Application for Participation as an NHA MBS Issuer, [CMHC 2802](#)
- Resolution of Board of Directors, [CMHC 2804](#)
- Certificate of Incumbency, [CMHC 2805](#)
- Letter Agreement for Issuer's P & I Custodial/Trust Account, [CMHC 2806](#) (see [Establishment and Maintenance of Central P & I Account](#))
- Electronic Documentation Acknowledgement and Agreement, [CMHC 2807](#)
- Central Clearing House Debit Authorization, [CMHC 2808](#)

CMHC will not provide the CMHC Guarantee for NHA MBS proposed to be issued by parties that do not meet the criteria for Issuers.

The application forms and supportive documents must be submitted via the Securitization Portal.

Upon approval as an Issuer, the Issuer must complete the following tasks prior to issuing any NHA MBS:

- execute a Mortgage Pools Transfer Agreement, [CMHC 2836](#), for NHA MBS activity in Common Law Canadian provinces and territories;
- execute a Mortgage Pool Transfer and Servicing Agreement, [CMHC 2835 \(Quebec\)](#), and register an Assignment of Universality of Claims, [CMHC 2837](#), for NHA MBS activity in the Province of Quebec; and
- complete a Power of Attorney, [CMHC 2841](#), for all Common Law Canadian jurisdictions from which Loans will be pooled and/or a Power of Attorney, [CMHC 2841Q](#), for Loans from the Province of Quebec. The Power of Attorney documents are to be registered in each land registry or land title office in which pooled Loans will be originated, as applicable. The Power of Attorney and Assignment of Universality of Claims (Quebec) are to be deposited with the Custodian along with proof of registration, as applicable.

Prior to receiving the CMHC Guarantee approval, the Issuer must provide satisfactory evidence of system capability to handle electronic file transfer to the Custodian and to complete the standardized accounting for transmission to the CPTA.

Additional Requirements Applicable to Newly Formed or Dormant Entities

All eligibility criteria and Issuer approval and reporting requirements shall apply to Newly Formed or Dormant Entities, except that Newly Formed or Dormant Entities that wish to participate as Issuers in the NHA MBS Program may be exempt from the requirement to provide CMHC with audited financial statements for the three (3) most recent fiscal years if such Issuer complies with the following additional requirements:

- provide CMHC with any and all available audited or unaudited financial statements (which shall include any notes to the financial statements) for all or part of the most recently completed three (3) fiscal years. As mentioned under the [Basic Eligibility Requirements](#) section, audited financial statements must be audited by an independent public accountant that is subject to CPAB oversight and is in good standing, unaudited financial statements must be signed by the Issuer's chief financial officer or other authorized officer. If audited financial statements covers a period ending more than six (6) months prior to the date CMHC receives the application for participation, a current unaudited statement signed by the Issuer's chief financial officer or other authorized officer must also be submitted, and;

- meet an enhanced required net worth requirement as defined and calculated as specified in [Part E, Appendix 5 – Net Worth](#), of this Guide, or alternatively, meet the required net worth requirement specified in [Part E, Appendix 5](#) and deliver an unconditional guarantee of all the Issuer's obligations from a qualified credit support provider for a period of at least three (3) years, provided that the qualified credit support provider has a net worth sufficient to satisfy the required net worth requirement specified in [Part E, Appendix 5](#), and;
- ensure that all Loans are registered with and certified by a Title Custodian approved by CMHC that satisfies the eligibility requirements of a Title Custodian set forth in [Chapter 2](#).

Subsequent to a three (3) year period following approval as an Issuer, CMHC will assess, at its sole discretion, whether the Issuer may then follow standard NHA MBS Program requirements.

Additional Requirements Applicable to Non-Regulated Issuers

In addition to the materials required under the Application for Participation as an NHA MBS Issuer, [CMHC 2802](#), a Non-Regulated Issuer must also:

- provide evidence acceptable to CMHC of registration under its constituting legislation and a related certificate/confirmation of status; and
- provide evidence acceptable to CMHC of registration and compliance under applicable mortgage lending, dealing, trading or broker legislation for every jurisdiction in which it intends to originate and/or obtain Loans for inclusion in the NHA MBS Program.

Upon its approval as a Non-Regulated Issuer, the Non-Regulated Issuer will be required to comply with the following additional requirements:

- pooled mortgages must be registered on title in the name of a Title Custodian approved by CMHC that satisfies the eligibility requirements of a Title Custodian set forth in [Chapter 2](#);
- all payments, including any unscheduled prepayments, collected on account of the pooled Loans must be deposited daily into the P & I Custodial/Trust Account; and
- at all times a float amount must be maintained in its Central P & I Custodial/Trust Account which, during their first year as an Issuer, is equivalent to 1% of the previous month's payments for the pooled Loans. In subsequent years, this float amount shall be based on the Issuer's arrears ratio (see [Establishment and Maintenance of P & I Custodial/Trust Account – Collections in Chapter 9](#)).

In addition, Non-Regulated Issuers must provide the annual documents detailed in [Issuer and Servicer Responsibilities](#).

Issuer and Servicer Responsibilities

An Issuer of NHA MBS under the NHA MBS Program has the following roles and responsibilities:

- originates or acquires eligible Loans;
- creates a Pool from eligible Loans and where applicable sells the Pool;
- reports on Pools and NHA MBS data on a timely basis; and
- makes available to the CPTA on a timely basis the amount due to Investors in the NHA MBS.

The Issuer is responsible for covering shortfalls in amounts due to Investors that result from mortgagor delinquencies, foreclosures or any other cause. The CMHC Guarantee covers those shortfalls for the benefit of the Investors.

There can be only one Issuer for each Pool. For Loans insured by CMHC, if the Issuer is not an Approved Lender authorized to administer Loans, it must arrange for the servicing of the Loans to be performed, on its behalf, by one or more Approved Lenders acceptable to CMHC. For Loans insured by Approved Private Mortgage Insurers, it must arrange for servicing to be performed on its behalf by one or more Qualified Mortgage Lender acceptable to CMHC. The Issuer is responsible for the servicing of the Loans in the Pool (whether the servicing is performed by the Issuer or by a sub-servicer engaged by the Issuer).

The Issuer or Servicer, as applicable, must deposit the monthly payments received on the pooled Loans into a P & I Custodial/Trust Account. The Issuer or Servicer can make other arrangements, subject to CMHC's approval in its sole discretion, provided that CMHC and the CPTA have full access to the account so that the interests of Investors and CMHC as Guarantor are protected in the event of default.

Where the Issuer delegates the administration of the Loans to a Servicer, the Issuer remains responsible and liable for the performance of any such Servicer. All duties and obligations of any Servicer must be set out in a written agreement between it and the Issuer and must be subordinate to and consistent with all duties and obligations of the Issuer contained in this Guide.

Servicing of Pooled Loans

A Servicer engaged by an Issuer must meet and maintain compliance with the following requirements in order to service pooled Loans on behalf of the Issuer.

- For CMHC-insured Loans, the Servicer must be an NHA Approved Lender authorized to administer Loans. For Loans insured by an Approved Private Mortgage Insurer, the Servicer must be a Qualified Mortgage Lender.
- A Servicer engaged by an Issuer must meet such additional requirements as CMHC may from time to time establish at its sole discretion.

In addition, Non-Regulated Issuers must provide the following documents on an annual basis:

- for Loans insured by Approved Private Mortgage Insurers, confirmation of the Servicer's Qualified Mortgage Lender status from the Approved Private Mortgage Insurer; and
- for CMHC insured Loans, confirmation of the Servicer's Approved Lender designation for Loan administration.

Issuers under the NHA MBS Program must also:

1. maintain sound Loan servicing without excessive delinquency rates (Generally, the Issuer will not receive new NHA MBS Guarantee approvals if more than 1% of the Loans in its existing Pools have been delinquent for three or more months (including Loans in legal action). A lower delinquency ratio, however, will not assure the issuance of further commitments);
2. adequately administer all Pools and issues of outstanding NHA MBS under the Program. [Part E, Appendix 7](#) details Mortgage Formulas and Accounting Conventions;
3. meet all CMHC reporting requirements outlined in this Guide within the time limits provided;
4. comply with CMHC's securities marketing and trading requirements (see [Part E, Appendix 2 – Rules on NHA MBS Marketing and Trading](#));

5. maintain a sound financial, business and management structure. Examples of situations where CMHC will consider the Issuer's business structure to be unsound include, but are not limited to: the Issuer's Approved Lender or Qualified Mortgage Lender status (if an Approved Lender or Qualified Mortgage Lender) being withdrawn or suspended under the NHA or PRMHIA, respectively; a discovery, whether by CMHC or an official audit or investigation, of detrimental findings with respect to the Issuer's business; or a regulator intervening or imposing restrictions on the Issuer;
6. promptly notify CMHC, the CPTA and the Custodian in writing upon becoming aware that any material change in its business status has occurred or is reasonably likely to occur, on a timely basis. This includes merger/amalgamation, consolidation, acquisition or sale of the business or assets, change in name, change of control, change in document custodian, titleholder, administrator or servicer of pooled mortgages, loss of Minimum Acceptable Rating, the start of any action or proceeding under liquidation or bankruptcy law, a regulatory intervention, resolution or dissolution process and any other action or event which could potentially materially affect either the Issuer's business status or its ability to perform its obligations as an Issuer or Servicer or CMHC's liability or rights as NHA MBS Guarantor. Subsequently, the Issuer must keep CMHC informed on an ongoing basis, in a timely manner, of the status of the change and its implementation or remediation, and comply with the notification and document delivery requirements specified in [Chapter 4: Material Changes in Issuer's Business Status and Transfer of Issuer and Servicer Responsibility](#), as applicable; and
7. notify CMHC immediately if its financial institution fidelity bond/insurance is cancelled or if coverage is changed such that it no longer meets Program requirements.

In addition to, and without limiting the availability of, such other rights and remedies as CMHC may have, in the event that CMHC determines that an Issuer has failed to comply in any material respect with its obligations under the NHA MBS Program (including those set forth in the immediately preceding 7 paragraphs) and/or a change in an issuer's business status has or is reasonably likely to occur, CMHC may in its sole discretion suspend or restrict the Issuer's continued participation in the NHA MBS Program by limiting, in whole or in part, the Issuer's ability to obtain additional guarantee allocation or use its existing guarantee allocation to issue NHA MBS until such time as CMHC has determined that the Issuer has remediated its noncompliance or that such continued noncompliance and/or actual or potential change in the Issuer's business status will not materially affect the Issuer's ability to perform its obligations or CMHC's liability or rights as NHA MBS Guarantor.

Administrative Activities

The Issuer may not delegate or transfer to any other party or agent its obligations in connection with:

- making required funds available in the Central P & I Account for transfer to the CPTA;
- withdrawing funds from the P & I Custodial/Trust Accounts; and
- submitting to and withdrawing from the Custodian or any applicable Title Custodian(s) any mortgage-related documents.

While other administrative activities may be delegated to other parties by the Issuer, ultimate responsibility for such activities is still vested with the Issuer. The Issuer is not thereby transferring any of its obligations, rights or benefits.

Figure 3.1 lists the principal functions that must be performed by the Issuer, the functions that may be performed by a Servicer on the Issuer's behalf, and the functions that must be performed by the CPTA.

Figure 3.1 Allowed Distribution of Administrative Activities

	Functions that must be performed by Issuer	Functions that may be performed by a Servicer on Issuer’s behalf	Functions to be performed by CPTA
Access mortgage documents	Yes		
Collect P & I and property taxes		Yes	
Make deposits into a P & I Issuer Custodial/Trust Account and Tax Account		Yes	
Authorize withdrawal of funds from Tax Account		Yes	
Authorize withdrawal of funds from Central P & I Account	Yes		
Withdraw funds from P & I Custodial/Trust Account for transfer to Central P & I Account	Yes		Yes
Prepare, sign and send cheques to Investors; or deposit amounts in designated accounts			Yes
Submit monthly accounting reports to CPTA		Yes	
Prepare monthly reports for CMHC			Yes
Maintain register of Investors			Yes
Assure accuracy of reported monthly data and timely submission of data	Yes		
Disseminate factor data			Yes

All funds collected in connection with the pooled Loans must be held in a P & I Custodial/Trust Account established for the Pool. In addition, each Issuer is required to maintain a Central P & I Custodial/Trust Account from which the monthly funds transfer to the CPTA’s account shall be made for all of that Issuer’s NHA MBS Pools (see [Chapter 9](#)).

For any one Pool, collections of P & I must be deposited into a single P & I Custodial/Trust Account, and tax collections, where applicable, must be deposited by the Issuer or Servicer into a separate Tax Custodial/Trust Account ([CMHC 2832](#)). Such accounts, however, may contain funds for more than one Pool, provided that separate accounting is kept in respect of each Pool.

The Issuer can engage only one Custodian, therefore, documents for each Pool described in [Chapter 7](#) must be held by the Custodian that is engaged by the Issuer.

Under the NHA MBS Program, Issuers are required to make funds available monthly in the Central P & I Account, on the date specified in this Guide and in amounts necessary for the CPTA to make full payment on the NHA MBS. The Issuer will transfer the funds to the account specified by the CPTA as agreed between them, with the approval of CMHC. The confirmation number will be sent by the Issuer to the CPTA.

Important Dates and Deadlines

Issuers and Servicers must perform their duties and obligations within the time limits established by CMHC as described in this Guide. Figure 3.2 lists key functions with time limits for the performance of each function.

Figure 3.2 Important Deadlines for the Issuer

Function	Deadline
1. Submits documents to CMHC to support obtaining the CMHC Guarantee for the NHA MBS to be issued.	CMHC, the Custodian and the CPTA must receive the documents at least five (5) full Business Days prior to the settlement.
2. Issues NHA MBS with the CMHC Guarantee approval	Within six (6) months of the NHA MBS Guarantee approval date.
3. Submits monthly accounting reports for each Pool	The CPTA must receive the reports by the end of the third full Business Day of the month.
4. Deposits Loan payments into Issuer's Custodial/Trust Account	For Issuers that do not deposit loan payments on a daily basis, payments must be deposited by the end of the third full Business Day of the following month.
5. Deposits necessary funds into a Central P & I Custodial/Trust Account and transfers funds to the CPTA account to cover the CPTA's distribution of P & I payments to Investors.	No later than 12:00 (noon) Toronto time on the Business Day immediately preceding the applicable NHA MBS Payment Date.

Annual Documentation and Reporting Requirements

The Issuer must provide CMHC annually with:

1. a copy of the Issuer's annual financial statements (which shall include any notes to the financial statements) audited by an independent public accountant that is subject to CPAB oversight and is in good standing. The electronic copy must be delivered on or before the 90th day after the Issuer's fiscal year-end.
2. a statement of adjusted net worth certified by the Issuer and examined/verified by the Issuer's auditors, who shall be subject to CPAB oversight and in good standing, assessed at the end of the most recent fiscal year for which audited financial statements are submitted. Auditors shall report on the net worth statement prepared by the Issuer in accordance with the relevant standards for assurance or procedures engagements, as set forth by the Canadian Auditing and Assurance Standards Board (ASSB). The type of engagement performed, and level of assurance provided shall be agreed upon by the Issuer and auditor. The form of the computation of the Net Worth and certification is set forth in [Part E, Appendix 5 – Net Worth](#) and must be submitted within 90 days after the Issuer's fiscal year-end.
3. evidence of financial institution fidelity bond coverage for the employees and directors that satisfies the criteria and requirements set forth in [Part E, Appendix 9 – Financial Institution Fidelity Bond Requirements](#) in effect or renewals thereafter, delivered within 90 days after the Issuer's fiscal year-end. CMHC may ask for a copy of the policy or another relevant document in lieu thereof. Issuers must use the [fidelity bond verification checklist](#) that is available for Issuers upon request and through the CMHC website under Other Program Documentation;
4. a CFO Certification, signed by the Issuer's chief financial officer, delivered on or before the 90th day after the Issuer's fiscal year-end. The CFO Certification is found in [Part E, Appendix 8 – CFO Certification](#).

5. an Agreed-Upon Procedures Report (AUPR). CMHC requires that each Issuer retain the services of an external auditor to examine its accounting processes and financial controls in relation to the Pools, and report on them in an Agreed-Upon Procedures Report (AUPR). The Agreed-Upon Procedures Report (AUPR) is to be submitted annually to CMHC on or before the 90th day of the Issuer’s fiscal year-end or chosen “as at” date. The Issuer must submit a separate Agreed-Upon Procedures Report (AUPR) for each Servicer relationship where an Issuer uses a third-party servicer. The Agreed-Upon Procedures Report (AUPR) must include confirmation from the auditor of conformance with the requirements in this Guide for, as well as the accuracy of:
- monthly accounting reports
 - penalty interest and indemnity payments
 - P & I Custodial/Trust Accounts
 - Tax Custodial/Trust Accounts (if applicable)
 - interest calculation methodology
 - loan level documentation
 - disclosures in [CMHC 2834](#), NHA MBS Information Circular

Furthermore, CMHC may require more current or additional information, such as, but not limited to, unaudited financial statements and an adjusted net worth statement. These statements must be signed by the Issuer’s chief financial officer or other authorized officer.

Quarterly Reporting Requirements

Uninsured mortgage flow and stock data must be uploaded using the CMHC’s Securitization Portal Section “Approved Issuers Framework”. Where an Issuer already provides the requested data to OSFI, CMHC will obtain this data directly from OSFI, upon receiving confirmation from the Issuer that it has granted permission to OSFI to share the data with CMHC.

On a quarterly basis Issuers will be required to submit to CMHC the following data with prescribed frequencies, as follows:

- a. **Stock data (aggregate)** – report on the total outstanding uninsured residential mortgage portfolio with the same data elements as or copies of reports that Issuers are currently providing in connection with oversight or regulatory filings (e.g. OSFI E2, FICOM, AMF etc.). Issuers who do not currently report stock uninsured mortgage data to a regulator are expected to provide a quarterly report based on the uninsured mortgage requirements set out in the OSFI E2 report. This report is to be provided to CMHC by no later than 30 days following the end of each quarter or within 5 business days of the Issuer filling the report with its regulator.
- b. **Flow data (loan level) as outlined in [Appendix 10](#)** – Report on a loan level basis on the flow of new uninsured residential mortgages originated or purchased by the Issuer within the quarter and held at quarter end by the Approved Issuer by no later than 30 days following the end of the quarter.

In addition, upon approval as an Issuer, the Issuer is required to submit a **one-time report** covering the previous 3 years of quarterly flow of new uninsured mortgages originated or purchased by the Issuer within each quarter for that three year period prior to the approval date of Issuer status.

Risks and Losses faced by the Issuer

Issuers of NHA MBS face risks and are liable for certain losses, expenses and fees that are not usually the responsibility of a Servicer. Issuers should be aware of these risks, losses, expenses and fees, and must make financial arrangements to ensure that they can cover them throughout the period that NHA MBS issued by them are outstanding.

Listed below are some of the risks, losses and expenses associated with the issue of NHA MBS. The list is not exhaustive. The Issuer is responsible for determining its own risks, potential for losses and expenses.

Advances to Pay Amounts Due Investors

Issuers are responsible for paying amounts due to Investors by making funds available in a timely manner to the CPTA for disbursement to Investors. Issuers are responsible for paying amounts due to Investors whether or not they receive timely payments from mortgagors. Issuers must advance an amount into the appropriate P & I Custodial/Trust Account equal to the total scheduled P & I payments due in connection with pooled Loans at maturity as well as for Loans that are delinquent or in the process of legal remedial action.

Liquidation of Pool at Maturity

Issuers must make available to the CPTA all funds required to pay Investors when the Pool is terminated at the NHA MBS maturity. The amount should equal the outstanding principal balance of all Loans remaining in the Pool. The Issuer or the Servicer must notify the CPTA if no Loans are maturing on the NHA MBS maturity date as a result of prepayments, such that the Pool will be terminated and the NHA MBS redeemed early.

Interest and Other Amounts Due Investors but Not Payable by Mortgagors

Issuers must make funds available to the CPTA for interest or other amounts due to Investors even if mortgagors are not required to make or do not make, associated interest or other payments on the underlying pooled Loans. For example, a Loan may be prepaid in full at mid-month, with interest due from the mortgagor only to the date of the payout. The Investors nonetheless are entitled to interest at the rate provided on the NHA MBS through the end of the month and any other amounts due on the NHA MBS, whether or not associated payments are collected from mortgagors by the Issuer. The Issuer must make up any shortfall in the amount collected from the mortgagor.

Losses Associated with Defaults and other Loan Liquidations

Investors are entitled to monthly amounts of principal scheduled to be paid on each Loan in a Pool, any additional unscheduled principal payments made on each Loan and interest at the rate provided by the terms of the NHA MBS until the Loan is liquidated from the Pool and to a full recovery at maturity of the NHA MBS of the unpaid principal balance of each Loan in the Pool. Investors may also be entitled to other amounts, such as prepayment interest, penalties or indemnities payable in accordance with the terms of some NHA MBS. For defaulted pooled Loans, until the Loan is liquidated from the Pool the Issuer must pay or make available monthly all scheduled principal amounts due on each Loan in the Pool and interest or other amounts due on the NHA MBS to the CPTA out of its own funds even if any principal, interest or other amounts due by borrowers in respect of any Loans in the Pool are not collected by the Issuer from the borrowers or are not collected from any enforcement action, insurance claim or other liquidation action in respect of the Loans.

Upon the occurrence of and as at the date of any Loan liquidation, the Issuer must pay out of its own funds the unpaid principal on such liquidated Loan and any other amounts then payable to Investors in accordance with the terms of the NHA MBS (whether or not the Issuer has received all or part of such amounts from the borrowers or from any enforcement action, insurance claim or other liquidation action in respect of the Loans).

Loan liquidations are required to be reported by Issuers monthly in the [CMHC 2840](#) and fall into one of the following categories: enforcement action, sale, mortgage payoff, ineligible Loan, conversion of floating to fixed rate mortgage or payment no longer paying down principal. For instructions regarding how to code the loan liquidation and when to liquidate the loan refer Part D – [2840 Form Completion](#).

Issuers are not required to pay an indemnity in circumstances where the borrower is not obligated to pay a penalty due to steps taken related to enforcement action. It remains the Issuer's responsibility to disclose in the [CMHC 2834](#), NHA MBS Information Circular, the circumstances under which investors will or will not receive an indemnity or penalty for early prepayments.

Liability for Ineligible Loans

Issuers are liable for any defects in pooled Loans. If a pooled Loan is defective before final certification, the defect must be promptly cured or the Loan must be liquidated from the Pool or substituted with an eligible Loan (see [Loan Substitution](#) in [Chapter 5](#) of this Guide). Loans that are defective after final certification must be brought to the attention of the [CMHC Securitization Centre](#). Such defective Loans must be liquidated from the Pool without possibility of substitution (with liquidation amounts deposited immediately into the applicable P & I Trust/Custodian Account). An example of a defective Loan is one found not to be insured by CMHC or an Approved Private Mortgage Insurer. The Issuer remains liable to CMHC for clear title with respect to each mortgage and with respect to the mortgage insurance remaining in place on each Loan until full payment of the Loan. In the case of an ineligible loan, liquidation must occur on the date the loan was determined as ineligible.

Liability for Incorrect Calculation of P & I Payment

CMHC and the CPTA rely on the data reported by each Issuer to calculate the amount to be paid by the Issuer. Even though an Issuer may have made a reporting error, the Issuer must make funds available to the CPTA on the basis of the reported data. Adjustments to the reports must be made in the subsequent reporting month with notice of the adjustment details provided to CMHC and the CPTA.

Fees and Charges Paid by the Issuer

The following are fees and charges that must be paid by the Issuer in connection with the NHA MBS Guarantee.

Application Fee (the “Application Fee”)

The NHA MBS Application Fee is computed as 2 basis points based on the actual aggregate amount of NHA MBS Guarantee commitment applied for at the Issue Date.

Guarantee Fee (the “Guarantee Fee”)

For Market NHA MBS Pools, the NHA MBS Guarantee Fee for all pools other than Affordability-Linked Pools is based on the principal amount and the term of the Pool at the date of issue and the aggregate amount of NHA MBS Guarantees obtained by the Issuer (and its related parties) in a given calendar year. For purposes of determining the applicable tier of NHA MBS Guarantee Fees, the total amount of mortgages securitized (excluding Affordability-Linked Pools) is consolidated across Issuers that are related parties. Amounts securitized in a calendar year (excluding Affordability-Linked Pools) by an Issuer (and its related parties), whether directly or through an Aggregator, in excess of the Tier 1 threshold will be subject to the higher Tier 2 fees. Where an Issuer's (and/or its related parties') mortgages are securitized by an Aggregator (excluding Affordability-Linked Pools), the Tier 2 NHA MBS Guarantee fees on these mortgages are payable by the Aggregator. The fee is calculated as per the table set forth below.

The Tier 2 NHA MBS Guarantee Fees will also apply to an Aggregator's annual NHA MBS Guarantees using its own allocation where the total amount of mortgages originated by Non-Issuers that are securitized by the Aggregator (excluding Affordability-Linked Pools) in a given year is greater than the NHA MBS Guarantee Fee Tier 1 threshold

For Market NHA MBS Pools, the NHA MBS Guarantee Fee for Affordability-Linked Pools is calculated as per the table set forth below. For additional information on Affordability-Linked Pools see [Chapter 5: Pool Types – Affordability-Linked Pools](#).

Figure 3.3 NHA MBS Guarantee Fees

Term of NHA MBS	Other NHA MBS Pools		
	Affordability-Linked 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%

Late Fee Payment Charges

The Issuer is required to pay the NHA MBS Application Fee and NHA MBS Guarantee Fee within five (5) business days after receipt of the corresponding invoice. 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.

CMB Program Fees

The following fees are payable with respect to NHA MBS issued and sold to the CHT as part of the CMB Program:

- A. NHA MBS Application Fee for each Pool submitted for the CMHC Guarantee, as described above;
- B. NHA MBS Guarantee Fee payable for the CMHC Guarantee of timely payment, as described above; and
- C. CMB Guarantee fee for the CMHC Guarantee of timely payment of the CMB issue,

provided that Issuers/Sellers are permitted to create additional NHA MBS, otherwise referred to as replacement NHA MBS, intended to be sold to CHT in connection with the re-investment of the monthly principal amortization payments and prepayments of the original NHA MBS for CMB issued prior to July 1, 2016 with the NHA MBS Guarantee Fees payable as follows:

CMB issued prior to July 1, 2016

Replacement NHA MBS will not be subject to Guarantee fees provided that:

- A. the replacement NHA MBS will be sold entirely to CHT in relation to CMB issued prior to July 1, 2016;
- B. the amount of replacement NHA MBS held by the Issuer/Seller does not exceed 15% of the aggregate amount of original NHA MBS issued and sold to CHT by the Issuer/Seller for all outstanding CMB issued prior to July 1, 2016; and
- C. the replacement NHA MBS is held by the Issuer/Seller and is not used for any purpose other than the CMB Program.

Should the amount of replacement NHA MBS held on the balance sheet by an Issuer/Seller exceed the 15% limit for more than three (3) consecutive months, applicable NHA MBS Guarantee Fees will be charged on the amount of replacement NHA MBS that exceeds the 15% limit.

CMB issued after July 1, 2016

All NHA MBS sold to CHT as original or reinvestment assets will be subject to the applicable NHA MBS Guarantee Fee.

Sellers/Issuers have the option of re-designating replacement NHA MBS as Market NHA MBS, subject to the payment of applicable NHA MBS fees.

Unused NHA MBS Guarantee Allocation Administration Fee (the “Administration Fee”)

Issuers will be assessed an Administration Fee in January of each year based on their unused NHA MBS Guarantee allocation for the prior year based on the sum of the following two administration fee components:

Component 1 – Administration Fee for full year allocation

- For issuers with an annual allocation amount of no more than \$2,000,000,000, the Administration Fee for full year allocation will be assessed by using the following formula:

$$\text{MAX} [(\text{Annual NHA MBS Guarantee Allocation Provided by CMHC}) * 50\% - \text{Annual Actual NHA MBS Guarantees}, 0] * 2\text{bps}$$

- For issuers with an annual allocation amount of more than \$2,000,000,000, the Administration Fee for full year allocation will be assessed by using following formula:

$$\text{MAX} [\$2,000,000,000 * 50\% + (\text{Annual NHA MBS Guarantee Allocation Provided by CMHC} - \$2,000,000,000) * 70\% - \text{Annual Actual NHA MBS Guarantees}, 0] * 2\text{bps}$$

Component 2 – Extra Administration Fee for the 4th quarter allocation

$\text{MAX} [(4^{\text{th}} \text{ Quarter NHA MBS Guarantee Allocation Provided by CMHC} - \$25,000,000) * 80\% - 4^{\text{th}} \text{ Quarter Actual NHA MBS Guarantees, 0}] * 2\text{bps}$

The total annual NHA MBS Guarantee allocation used in the formula above to determine the new Administration Fee will be reduced by any NHA MBS Guarantee allocation returned by the Issuer during the fourth quarter (i.e. October to December) of each year.

Other Fees and Expenses Paid by the Issuer

In addition to the NHA MBS Guarantee Fee, Application Fee, and Administration Fee (if applicable), other fees and costs are applicable to Issuers participating in the NHA MBS Program, such as, but not limited to:

- CPTA Service Fees as detailed in Part E, [Appendix 6 – Fees and Charges](#)
- Custodial service fees: Issuers are responsible for fees charged by their Custodian and Title Custodian(s) and must negotiate these fees directly with their Custodian, and where applicable, their Title Custodian(s). These fee(s) must be remitted directly to the Custodian and the Title Custodian(s).
- Underwriting and brokerage fees: The Issuer is responsible for any fees or expenses incurred in connection with the sale and marketing of an issue of NHA MBS; and
- Pool administration costs, including:
 - servicing pooled Loans;
 - establishing and maintaining P & I and Tax Custodial/Trust Accounts;
 - making investor payments to the CPTA account;
 - taking legal action where Loans are in default;
 - preparing reports and records required by CMHC as stated in this Guide;
 - other administrative tasks associated with Issuer status and responsibilities; and
 - an annual external “Agreed Upon Procedures Report.”

Miscellaneous Expenses

Other expenses that Issuers must cover include: any catastrophic losses not covered by insurance, losses arising from expropriation or other legal proceedings affecting the property securing the pooled mortgage and the reimbursement of other costs or expenses not mentioned in this Guide.

Servicing and Spread Received by Issuer

The spread received by the Issuer out of the Loan payments received, after making the NHA MBS payments, also covers servicing of the Pools. The Issuer does not receive a separate servicing fee for servicing the Loans.

Chapter 4

Material Changes in Issuer's Business Status; Mergers/ Amalgamations and Name Changes and Transfer of Issuer and Servicer Responsibility

What's Inside

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At a Glance

Chapter 4 outlines the notification and document delivery requirements that an Issuer must comply with in connection with actual and potential changes in its business status.

Material Changes in Issuer's Business Status – General Requirements

Pursuant to [Chapter 3](#), an Issuer must promptly notify CMHC, the CPTA and its Custodian in writing upon becoming aware that any material change in its business status has occurred or is reasonably likely to occur and thereafter keep CMHC informed on an ongoing basis of the status of the change and its implementation or remediation.

In connection with every actual or potential change in business status the Issuer must provide information sufficient to permit CMHC to assess the actual or potential change in business status and determine whether it could materially affect the Issuer's ability to perform its obligations or CMHC's liability or rights as NHA MBS Guarantor.

The Issuer must, as part of its initial notification, provide CMHC with all known material details of the actual or potential change in business status, which may include the type of transaction or proceeding, anticipated timeline or effective date, investor and regulator approvals required/received, identity of the persons or entities involved and changes, if any, to titleholder, servicer, administrator or custodian of pooled mortgages.

Following the initial notification, the Issuer must promptly inform CMHC on an ongoing basis of the status of the change and its implementation or remediation as new material information is received.

Issuers must also provide such additional or alternative information and documentation as CMHC may, at any time, in its sole discretion, reasonably request in order to assess the actual or potential change in business status and ensure that it will not materially affect the Issuer's ability to perform its obligations or CMHC's liability or rights as NHA MBS Guarantor. In addition, upon review of all the information required to assess the transaction, CMHC will also inform the Issuer whether any NHA MBS Program Forms (as set forth in [Chapter 7 of this Guide](#)) must be completed and delivered by the Issuer.

If an Issuer fails to comply with its notice or documentation obligations and/or CMHC determines that an actual or potential change in the Issuer's business status is likely to materially affect the Issuer's ability to perform its obligations or CMHC's liability or rights as NHA MBS Guarantor, CMHC may in its sole discretion suspend or restrict the Issuer's continued participation in the NHA MBS Program by limiting, in whole or in part, the Issuer's ability to obtain additional guarantee allocation or use its existing guarantee allocation to issue NHA MBS until such time as CMHC has determined that the Issuer has remediated its noncompliance or that such continued noncompliance and/or actual or potential change in the Issuer's business status will not materially affect the Issuer's ability to perform its obligations or CMHC's liability or rights as NHA MBS Guarantor.

To avoid suspension or restriction of the Issuer's continued participation in the NHA MBS Program while CMHC completes its review and assessment of each actual or potential change in business status, the Issuer should provide advance notice of any actual or potential change in business status at least two months prior to its proposed effective date and promptly remit all applicable NHA MBS forms and documentation requested by CMHC. Notwithstanding the foregoing there is no guarantee that CMHC's decision-making process will be complete within two months of notice or receipt of documents.

The remaining sections of this Chapter 4 set forth specific notification, documentation and approval requirements that typically apply in the case of the following types of changes in business status: a merger/amalgamation or name change and transfer of issuer or servicer responsibility. The changes in business status described below and their corresponding requirements are not exhaustive, and Issuers remain obligated to provide such additional or alternative information and documentation as CMHC may, at any time, in its sole discretion reasonably request in connection with these and other types of changes in business status.

Issuer Merger/Amalgamation and Name Change

An Issuer must promptly notify CMHC, the CPTA and its Custodian in writing upon becoming aware that they are reasonably likely to undergo a merger/amalgamation or name change. Where CMHC determines that an actual or potential merger/amalgamation or name change is likely to materially affect the Issuer's ability to perform its obligations or CMHC's liability or rights as NHA MBS Guarantor, CMHC may in its sole discretion suspend or restrict the Issuer's continued participation in the NHA MBS Program by limiting, in whole or in part, the Issuer's ability to obtain additional guarantee allocation or use its existing guarantee allocation.

In addition to such additional or alternative information and documentation as CMHC may, at any time, in its sole discretion, reasonably request in order to assess the actual or potential merger/amalgamation or name change and ensure that it will not materially affect the Issuer's ability to perform its obligations or CMHC's liability or rights as NHA MBS Guarantor, Issuers are typically required to provide the following NHA MBS Program Forms promptly upon completion of the merger/amalgamation or name change.

When applicable, newly executed NHA MBS Program documents required may include, but not be limited to:

- i. Director's Resolution ([CMHC 2804](#))
- ii. Certificate of Incumbency ([CMHC 2805](#))
- iii. Letter of Agreement for Issuer's P&I Custodial/Trust Account ([CMHC 2806](#))
- iv. Central Clearing House Authorization to Debit ([CMHC 2808](#))
- v. Servicing Agreement ([CMHC 2814](#))
- vi. Custodial Agreement ([CMHC 2820](#))
- vii. Schedule of Pooled Mortgages ([CMHC 2824](#))
- viii. Tax Custodial Trust Account ([CMHC 2832](#))
- ix. Mortgage Pool Transfer Agreement ([CMHC 2836](#))
- x. Power of Attorney ([CMHC 2841](#))

When applicable, other documents required may include, but not be limited to:

- xi. Documentation from the applicable regulator evidencing approval of the merger/amalgamation or name change
- xii. Board resolutions confirming approval for the merger/amalgamation
- xiii. Copy of the Certificate of merger/amalgamation
- xiv. Copy of the merger/amalgamation agreement
- xv. Updated charter or certificate of incorporation
- xvi. Fidelity Bond/Insurance Certificate

Transfer of Issuer Responsibility

An Issuer may transfer its rights and responsibilities as Issuer for some or all of the Pools it administers if the transfer is first approved in writing by CMHC and the transfer is carried out using the assignment agreement prescribed by CMHC. The substitute Issuer must be an Approved Issuer and assume all of the duties and obligations of the prior Issuer. Only Pools that have been certified by a Custodian may be transferred.

Transfers of Issuer responsibility should be requested infrequently and only for the purpose of addressing non-recurring business situations. These transfers may not be a routine part of an Issuer's business. For such a transfer to be approved, the following requirements must be met before the proposed effective date of the transfer:

- the reasons for the requested transfer must be described to CMHC in writing and follow sound business practices and the promotion of stable Pool administration arrangements. The Issuer must demonstrate that the transfer is required due to special, non-recurring business circumstances and will not be a routine part of its business;
- the transfer must be determined by CMHC not to be detrimental to CMHC or to the Investors and the Issuer must receive prior written approval from CMHC to transfer its responsibility,
- the proposed substitute Issuer must be an Issuer under the NHA MBS Program in good standing with experience and facilities adequate to administer the Pools to be transferred;
- the proposed substitute Issuer must have an Adjusted Net Worth acceptable to CMHC in an amount sufficient to meet CMHC's requirements for the full amount of the NHA MBS for which it will be responsible;

When the existing Issuer receives a written approval from CMHC for the transfer, but before the actual transfer, the existing Issuer must submit the following to CMHC:

- a corporate resolution of the existing Issuer approving the request for the transfer;
- a new Custodial Agreement, [CMHC 2820](#) dated the effective date of transfer executed by the substitute Issuer and Custodian that includes an appendix listing all applicable Pools issued before the date of transfer. If there is to be a substitute Custodian, the existing Custodian must receive a written request for the release of documents for each Pool and comply with the requirements specified in the [Transfer of Custodial Responsibilities](#) section in [Chapter 2](#) of this Guide. The document will state that the existing Custodian is to be released of its responsibility for the documents after their transfer to the substitute Custodian.
- a new Mortgage Pool Servicing Agreement, [CMHC 2814](#), executed by the substitute Issuer (and Servicer, if any) dated the effective date of transfer that includes an appendix listing all applicable Pools issued before the date of transfer;
- a letter Agreement for Issuer's P & I Custodial/Trust Account, [CMHC 2806](#) and Letter Agreement for Issuer's Tax Custodial/Trust Account, [CMHC 2832](#) dated the effective date of transfer (the substitute Issuer must use its Central P & I Account, established and verified according to the procedures in [Chapter 9](#)), if applicable;
- an executed Assignment Agreement (see [Part E, Appendix 4 – Issuer Assignment Agreement](#)), dated the effective date of transfer, submitted for CMHC's signature; and
- documentation from the applicable regulator evidencing approval of the acquisition transaction.

The transfer of Issuer responsibility will be effective on the date CMHC executes the Issuer Assignment Agreement. Therefore, the Issuer-executed Assignment Agreement must be received by CMHC no later than the first calendar day of the month before the month in which the new Issuer will cover the payment to the CPTA.

Following CMHC's signing of the Issuer Assignment Agreement, the substitute Issuer must obtain, and submit to CMHC and its Custodian:

- an electronic copy of a written release of documents from the prior Custodian unless the same Custodian is to be used; and
- an electronic copy of the original Schedule of Pooled Mortgages, [CMHC 2824](#), for each Pool, with the certification signed by the applicable new or existing Custodian together with the list of all active Loans remaining in the Pool.

In addition to the above-stated requirements:

- the prior Issuer must endorse in favour of the substitute Issuer, without recourse, each note or other instrument showing indebtedness included in the subject Pools. The substitute Issuer must then endorse each such instrument in blank without recourse. By executing the Schedule of Pooled Mortgages, [CMHC 2824](#), the Custodian acknowledges to CMHC that the instruments have been properly endorsed;
- for each Loan in the Pools, the parties must execute and register a transfer of nominal title to the mortgage to the substitute Issuer, if it is a Regulated Institution, or a nominee acceptable to CMHC (in which case, the Custodian must then be sent the registered assignment documentation or a certified copy), unless nominal title to the mortgages is already registered in the name of a Title Custodian (in which case, the applicable Title Custodian must be notified of the transfer of the mortgages);
- for all Loans originated in the Province of Quebec, the prior Issuer must have executed and registered, in favour of the substitute Issuer, if it is a Regulated Institution, or a nominee acceptable to CMHC the appropriate assignment documentation covering each pooled mortgage (in which case, the Custodian must then be sent the registered assignment documentation), unless nominal title to the mortgages is already registered in the name of a Title Custodian (in which case, the applicable Title Custodian must be notified of the transfer of the mortgages); and

- if not already executed and delivered to the Custodian, the substitute Issuer must also execute and give the Custodian a copy of the Mortgage Pools Transfer Agreement, [CMHC 2836](#), an MBS Mortgage Security Registration Agreement [CMHC 2843](#) and the applicable registered Power of Attorney, [CMHC 2841](#), for all Loans originated in all provinces and territories other than the Province of Quebec. The substitute Issuer must also execute and give the Custodian a Mortgage Pool Transfer and Servicing Agreement (Quebec), [CMHC 2835](#), an Assignment of Universality of Claims, [CMHC 2837](#), and the appropriate mortgage assignment documentation for all Loans originated in Quebec. If the substitute Issuer is a Regulated Institution, an executed Power of Attorney for the Province of Quebec, [CMHC 2841Q](#), may be provided and filed with the Custodian in lieu of completing the assignments. Document triggers as described in [Chapter 7](#) for assignment documentation will apply.

Transfer of Servicing

CMHC must give prior written approval of any transfer of pooled Loan servicing. Any change in pooled Loan servicing arrangements must be approved in writing by CMHC before the transfer. CMHC will approve a transfer only when it is satisfied that the requirements for Servicers outlined in this section and in [Chapter 2](#), [Chapter 5](#) and [Chapter 10](#) of this Guide, as well as the terms of the Mortgage Pool Servicing Agreement, [CMHC 2814](#), will be met by the new arrangements.

The Issuer must supply CMHC with the following documents to request a transfer of servicing responsibility, at least two months prior to the effective date of such transfer (provided, however, that there is no guarantee that CMHC's decision-making process will be completed within two months of the request):

- a cover note setting out the following information:
 - Business rationale for the transfer;
 - Name of the substitute Servicer;
 - Proposed effective date of the transfer;
 - If the Registered Holder of the Loans will be changed, the business rationale for such change; and
 - Whether or not the P&I Custodial/Trust Accounts ([CMHC 2806](#)) will remain the same. In case a new account is to be used to collect funds, a newly executed Letter Agreement for Issuer's P&I Custodial/ Trust account must be submitted.
- a new Mortgage Pool Servicing Agreement, [CMHC 2814](#), that includes an appendix listing all applicable pools issued before the date of transfer. The new Servicer must meet CMHC requirements to be a Servicer and have facilities and staff adequate for the number and type of Loans to be transferred; and
- a new Central Clearing House Debit Authorization, [CMHC 2808](#), Letter Agreement for Issuer's Tax Custodial/ Trust Account, [CMHC 2832](#), and Custodial Agreement, [CMHC 2820](#), as appropriate. This is required if there are to be changes in the P & I or Tax Accounts or in the Custodian.

Issuers must send their written requests to the [CMHC Securitization Centre](#) at least two months before the proposed effective date of the transfer (provided, however, that there is no guarantee that CMHC's decision-making process will be complete within two months of the request). CMHC's written approval will be based on its review of the above submissions. The transfer of servicing may take place only after the Issuer receives CMHC's written approval and the Issuer has delivered to CMHC executed copies of the agreements specified above dated the effective date of the transfer.

Chapter 5

Which Loans Are Eligible?

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At a Glance

This chapter provides instructions relating to Loans that may be included in NHA MBS Pools. Eligibility requirements applicable to all Loans and Pools, as well as specific requirements for Pools of social housing Loans are also detailed. It is the responsibility of the Issuer to ensure that each Loan proposed to be included in an NHA MBS Pool complies on a continuous basis with the conditions of the NHA Loan insurance coverage or those of Approved Private Mortgage Insurers, as applicable.

Eligible Loans – General

Loans insured against borrower default under Part I of the *National Housing Act (NHA)*, Chapter N-11 of the 1985 Revised Statutes of Canada as amended or Loans insured against borrower default by an Approved Private Mortgage Insurer under the *Protection of Residential Mortgage or Hypothecary Insurance Act (PRMHIA)* are considered to be eligible.

All Loans within a Pool must have valid insurance under the NHA or PRMHIA, as applicable, for the entire term of the Pool. A Pool may contain Loans insured by one or more mortgage insurers.

All Loans in a Pool must have an Interest Adjustment Date (IAD) or a renewal date that occurs on or prior to the Issue Date of the NHA MBS.

All Loans in the Pool must have an IAD or renewal date within six (6) reporting months of each other except for:

- i. non-prepayable social housing Loans;
- ii. non prepayable multiple-family Loans; or
- iii. Loans in Pools that have a term of less than one year.

Example 1 – Renewals/IAD’s are prior to NHA MBS Issue Date:

Renewals/IAD’s: June 2, 2022 to December 1, 2022
 Issue Date: July 1, 2023
 Pool Maturity Date: December 1, 2026
 Loan Maturity Dates: June 2, 2026 to December 1, 2026
 Date of Last Payment: December 15, 2026

Example 2 – Renewals/IAD’s are on NHA MBS Issue Date:

Renewals/IAD’s: January 2, 2024 to July 1, 2024
 Issue Date: July 1, 2024
 Pool Maturity Date: July 1, 2029
 Loan Maturity Dates: January 2, 2029 to July 1, 2029
 Date of Last Payment: July 15, 2029

Example 3 – NHA MBS term is less than one (1) year:

Renewals/IAD’s: May 2, 2022 to March 1, 2023
 Issue Date: March 1, 2023
 Pool Maturity Date: December 1, 2023
 Loan Maturity Dates: June 1, 2023 to December 1, 2023
 Date of Last Payment: December 15, 2023

Loans must be equal payment Loans that are amortized by equal monthly payments of principal and interest or floating rate Loans with either fixed or adjustable payments. Amortization periods must be acceptable under the NHA. Graduated payment Loans, floating rate Loans with interest rate caps or non-amortizing Loans are not eligible for the NHA MBS Program. Payment frequency must be at least once monthly.

Whenever the terms of a Loan are changed outside the terms permitted in a Pool/Loan, the Loan is required to be liquidated from the Pool on the date the loan was determined as ineligible and reported in the Monthly Accounting Report [CMHC 2840](#) – see [2840 Form Completion](#).

As at the Issue Date, all Loans must be fully advanced and fully insured against borrower default for the entire term. In addition, no Loan in a Pool or loan cross-defaulted with a pooled Loan may be in arrears as at the Issue Date.

In the case of multiple-family Loans, a Loan reported in arrears within the six (6) months prior to the Issue Date may not be pooled. In addition, Loans on market or non-profit multiple-family projects proposed to be included in a Pool must not be subject to any financial arrangements that, in the opinion of CMHC, adversely affect risk of default.

Insured first and second mortgage Loans are eligible for pooling. The second mortgage need not be in the same Pool as a related first mortgage. Third ranked mortgage Loans on social housing projects are eligible for pooling in the 990 Pool type.

Pari passu mortgages will be considered as eligible security, provided that their arrangements were approved by CMHC or the Approved Private Mortgage Insurer when the mortgage security was registered. *Pari passu* mortgages need not be in the same Pool

Insured first and second mortgage loans containing cross-default clauses can be placed in separate Pools by the same Issuer or different Issuers provided full disclosure is made in the NHA MBS Information Circular, [CMHC 2834](#), upon issuance.

Eligible Multiple-Family Loans

Loan borrowers, guarantors or property managers and the related properties or projects that are mortgaged must not be subject to any financial arrangements that, in the opinion of CMHC, adversely affect risk of default on the Loans to be pooled. In addition, at the time of pooling they must not be experiencing financial difficulties for which special remedial arrangements are being negotiated.

A Loan proposed for pooling must not apply to or be secured by a property or project that is subject to another Loan that is not in good standing.

Where any of the above requirements are not met, the affected Loans cannot be included in a Pool unless CMHC's consent is given prior to pooling.

Eligible Floating Rate Loans

All such Loans must be floating rate for the term of the Pool. If a Loan is converted to a fixed rate, it must be liquidated from the Pool at the time of conversion and reported in the [CMHC 2840](#) as "Converted to Fixed Rate Mortgage" – see [CMHC 2840 Form Completion](#).

All such Loans must require payment sufficient to pay down principal each month. If the equivalent monthly Loan payment is equal to or less than the interest obligation, the Loan must be liquidated from the Pool, see [2840 Form Completion](#). Loans with deferred interest at the time of pooling are not eligible.

All such Loans in a Pool must have an interest rate based on the same index. If the index is a lending institution's prime rate, the prime rate used must be comparable to the prime rates of Approved Lenders generally.

All such Loans in a Pool must have the same payment and interest rate reset frequency.

Eligible Collateral Mortgage Loans

All such Loans must be amortizing and secured by a collateral mortgage that allows for more than one separate and distinct loan.

Loans secured by the same collateral mortgage may be included in the same Pool as long as they satisfy the eligibility requirements of the Pool.

Loans secured by the same collateral mortgage may be securitized in separate Pools provided the Pools have the same Issue Date and the NHA MBS Information Circular, [CMHC 2834](#), for these Pools specifies that the collateral mortgage is securing Loans in more than one Pool. Loans secured by the same collateral mortgage cannot be securitized in Pools with different Issue Dates.

Eligible Social Housing Loans

Social housing Loans must be closed to prepayment during the term of the Pool and all requests for early payment of principal will require CMHC's prior approval.

For the purposes of this Guide, social housing Pools include only the following classes of Loans:

- New or existing NHA-insured Loans in respect of private, municipal or provincial non-profit projects receiving assistance under Section 95 of the NHA.
- Existing NHA-insured Loans in respect of cooperative housing projects with equal payment Loans and Section 95 assistance.
- Other Loans in respect of projects under unilaterally delivered Provincial Social Housing Programs insured under Part 1 of the NHA and receiving prior CMHC approval for pooling purposes under Pool type 990.

Pool Types

The following provides a description of the types of Loans that can be found in each Pool type:

In order to facilitate the market adoption of CORRA as a key financial benchmark, new Pool types 881, 886, 981 and 986 of which the coupon is based on the One-Month Daily Compounded CORRA are introduced, effective May 1, 2022. Pool types 880, 885, 980 and 985 with an interest rate based on the posted one-month CDOR are no longer issued, effective January 1, 2023.

Prefix 867 – Homeowner Pool:

Fixed Rate Loans secured by collateral mortgages (which allow for more than one separate and distinct loan) on individual properties comprised of up to four (4) self-contained residential units. Liquidation of a Loan from the Pool is required upon the pooled Loan or any loan cross-defaulted with the pooled Loan becoming 90 days in arrears or being otherwise in default for 90 days in accordance with its terms. For this Pool type, all penalty interest or indemnifications for any prepayment or renegotiation are retained by the Issuer.

Prefix 880 – No new issuances of this pool type. Homeowner Pool:

Loans secured by collateral mortgages (which allow for more than one separate and distinct loan) on individual properties comprised of up to four (4) self-contained residential units. Loans are adjustable rate Loans with an interest rate based upon an index that resets at least once monthly. Loan payments are adjusted as the interest rate is adjusted so that the amortization period is not affected by changes to the interest rate. The Adjustable Rate NHA MBS coupon resets on a monthly schedule based on the posted one-month CDOR applicable on the first Business Day of the report month, plus or minus a constant spread established when the NHA MBS is issued. If Loans are not referenced to CDOR, the coupon must be set at a minimum of 60 basis points below the lowest Loan rate in the Pool inclusive of incentive discounts. Liquidation of the Loan from the Pool is required upon the pooled Loan or any loan cross-defaulted with the pooled Loan becoming 90 days in arrears or being otherwise in default for 90 days in accordance with its terms. For this Pool type, all penalty interest or indemnifications for any prepayment or renegotiation are retained by the Issuer.

Prefix 881 – Homeowner Pool:

Loans secured by collateral mortgages (which allow for more than one separate and distinct loan) on individual properties comprised of up to four (4) self-contained residential units. Loans are adjustable rate Loans with an interest rate based upon an index that resets at least once monthly. Loan payments are adjusted as the interest rate is adjusted so that the amortization period is not affected by changes to the interest rate. The Adjustable Rate NHA MBS coupon resets on a monthly schedule based on the One-Month Daily Compounded CORRA, this will be calculated using the CORRA Compounded Index published by the Bank of Canada, and adding or subtracting a constant spread established when the NHA MBS is issued. If Loans are referenced to CORRA, the NHA MBS coupon spread plus the reference rate must be set at a minimum of 50 basis points below the lowest Loan rate in the Pool inclusive of incentive discounts. If Loans are not referenced to CORRA, the coupon spread plus the reference rate must be set at a minimum of 60 basis points below the lowest Loan rate in the Pool inclusive of incentive discounts. The reference rate, for this spread test only, is the spot CORRA for the last Bank of Canada Business Day of the month preceding the Issue Date, which is published on the first Bank of Canada Business Day of the issue month by the Bank of Canada. Liquidation of the Loan from the Pool is required upon the pooled Loan or any loan cross-defaulted with the pooled Loan becoming 90 days in arrears or being otherwise in default for 90 days in accordance with its terms. For this Pool type, all penalty interest or indemnifications for any prepayment or renegotiation are retained by the Issuer.

Prefix 885 – No new issuances of this pool type. Homeowner Pool:

Loans secured by collateral mortgages (which allow for more than one separate and distinct loan) on individual properties comprised of up to four (4) self-contained residential units. Loans are variable rate Loans with an interest rate based upon an index that resets at least once monthly. Loan payments are not adjusted as the interest rate is adjusted. Non-amortizing Loans are liquidated from the Pool. The variable rate NHA MBS coupon resets on a monthly schedule based on the posted one-month CDOR applicable on the first Business Day of the report month, plus or minus a constant spread established when the NHA MBS is issued. If Loans are not referenced to CDOR, the coupon must be set at a minimum of 60 basis points below the lowest Loan rate in the Pool inclusive of incentive discounts. Liquidation of the Loan from the Pool is required upon the pooled Loan or any loan cross-defaulted with the pooled Loan becoming 90 days in arrears or being otherwise in default for 90 days in accordance with its terms – For this Pool type, all penalty interest or indemnifications for any prepayment or renegotiation are retained by the Issuer.

Prefix 886 – Homeowner Pool:

Loans secured by collateral mortgages (which allow for more than one separate and distinct loan) on individual properties comprised of up to four (4) self-contained residential units. Loans are variable rate Loans with an interest rate based upon an index that resets at least once monthly. Loan payments are not adjusted as the interest rate is adjusted. Non-amortizing Loans are liquidated from the Pool. The variable rate NHA MBS coupon resets on a monthly schedule based on the One-Month Daily Compounded CORRA, this will be calculated using the CORRA Compounded Index published by the Bank of Canada, and adding or subtracting a constant spread established when the NHA MBS is issued. If Loans are referenced to CORRA, the NHA MBS coupon spread plus the reference rate must be set at a minimum of 50 basis points below the lowest Loan rate in the Pool inclusive of incentive discounts. If Loans are not referenced to CORRA, the coupon spread plus the reference rate must be set at a minimum of 60 basis points below the lowest Loan rate in the Pool inclusive of incentive discounts. The reference rate, for this spread test only, is the spot CORRA for the last Bank of Canada Business Day of the month preceding the Issue Date, which is published on the first Bank of Canada Business Day of the issue month by the Bank of Canada. Liquidation of the Loan from the Pool is required upon the pooled Loan or any loan cross defaulted with the pooled Loan becoming 90 days in arrears or being otherwise in default for 90 days in accordance with its terms. For this Pool type, all penalty interest or indemnifications for any prepayment or renegotiation are retained by the Issuer.

Prefix 964 – Homeowner Pool:

Fixed Rate Loans on individual properties comprised of up to four (4) self-contained residential units. For this Pool type, all penalty interest or indemnifications for any prepayment or renegotiation are paid to the Investors.

Prefix 965 – Multiple-family Pool (may include Prepayable Loans, with Indemnity):

Fixed Rate Loans on residential properties (including social housing projects) comprised of more than four (4) units. This pool type may include Loans that can be fractured or that permit prepayments with payment of penalty. For prepayments occurring on this pool type, the Issuer will pay to Investors the principal amount received together with an indemnity calculated in accordance with the methodology disclosed in the Information Circular, [CMHC 2834](#).

Prefix 966 – Multiple-family:

Fixed Rate Loans on insured multiple properties, small rental, large multiple-family projects, and/or social housing projects. Loans in this pool type must be closed to prepayment and administered accordingly. Loans in this pool type cannot be liquidated without CMHC's prior approval. For this Pool type, where repayment of a Loan occurs prior to the end of the term, Investors will be paid the Loan principal amount together with an indemnity calculated using the NHA MBS coupon rate.

Prefix 967 – Homeowner Pool:

Fixed Rate Loans on individual properties comprised of up to four (4) self-contained residential units. For this Pool type, all penalty interest or indemnifications for any prepayment or renegotiation are retained by the Issuer.

Prefix 970 – Homeowner Pool:

Fixed Rate Loans on individual properties comprised of up to four (4) self-contained residential units. With this Pool type, applicable indemnities for early prepayments are paid to the NHA MBS Investors for any prepayment or renegotiation that occurs within the first 36 months of the term following the interest adjustment date in all circumstances other than those where the prepayment is specifically permitted and disclosed in the Loan documents and summarized in the NHA MBS Information Circular, [CMHC 2834](#). In no case shall the Loan prepayment provisions disclosed allow for partial prepayment in any year that exceeds 20% of the original principal amount of the Loan, unless such prepayment is as a result of a bona fide sale to a third party of the underlying property or due to an enforcement action. In only these circumstances will the Issuer retain prepayment penalties or indemnities. For Loan prepayments occurring in this pool type, the Issuer will pay to Investors the Loan principal amount received together with an indemnity calculated in accordance with the methodology disclosed in the NHA MBS Information Circular, [CMHC 2834](#).

Prefix 975 – Homeowner Pool:

Fixed Rate Loans on individual properties comprised of up to four (4) self-contained residential units. With this Pool type, applicable indemnities for early prepayments are paid to the NHA MBS Investors for any prepayment or renegotiation that occurs within the first 60 months of the term following the interest adjustment date in all circumstances other than those where the prepayment is specifically permitted and disclosed in the mortgage documents and summarized in the NHA MBS Information Circular, [CMHC 2834](#). In no case shall the Loan prepayment provisions disclosed allow for partial prepayment in any year that exceeds 20% of the original principal amount of the mortgage, unless such prepayment is as a result of a bona fide sale to a third party of the underlying property or due to an enforcement action. In only these circumstances will the Issuer retain prepayment penalties or indemnities. For Loan prepayments occurring in this pool type, the Issuer will pay to Investors the Loan principal amount received together with an indemnity calculated in accordance with the methodology disclosed in the NHA MBS Information Circular, [CMHC 2834](#).

Prefix 980 – No new issuances of this pool type. Homeowner Pool:

Loans on individual properties comprised of up to four (4) self-contained residential units. Loans are adjustable rate Loans with an interest rate based upon an index that resets at least once monthly. Loan payments are adjusted as the interest rate is adjusted so that the amortization period is not affected by changes to the interest rate. The Adjustable Rate NHA MBS coupon resets on a monthly schedule based on the posted one-month CDOR applicable on the first Business Day of the report month, plus or minus a constant spread established when the NHA MBS is issued. If Loans are not referenced to CDOR, the coupon must be set at a minimum of 60 basis points below the lowest Loan rate in the Pool inclusive of incentive discounts. With this pool type, no prepayment penalties or indemnities are passed through to Investors.

Prefix 981 – Homeowner Pool:

Loans on individual properties comprised of up to four (4) self contained residential units. Loans are adjustable rate Loans with an interest rate based upon an index that resets at least once monthly. Loan payments are adjusted as the interest rate is adjusted so that the amortization period is not affected by changes to the interest rate. The Adjustable Rate NHA MBS coupon resets on a monthly schedule based on the One-Month Daily Compounded CORRA, this will be calculated using the CORRA Compounded Index published by the Bank of Canada, and adding or subtracting a constant spread established when the NHA MBS is issued. If Loans are referenced to CORRA, the NHA MBS coupon spread plus the reference rate must be set at a minimum of 50 basis points below the lowest Loan rate in the Pool inclusive of incentive discounts. If Loans are not referenced to CORRA, the coupon spread plus the reference rate must be set at a minimum of 60 basis points below the lowest Loan rate in the Pool inclusive of incentive discounts. The reference rate, for this spread test only, is the spot CORRA for the last Bank of Canada Business Day of the month preceding the Issue Date, which is published on the first Bank of Canada Business Day of the issue month by the Bank of Canada. With this pool type, no prepayment penalties or indemnities are passed through to Investors.

Prefix 985 – No new issuances of this pool type. Homeowner Pool:

Loans on individual properties comprised of up to four (4) self-contained residential units. Loans are variable rate Loans with an interest rate based upon an index that resets at least once monthly. Loan payments are not adjusted as the interest rate is adjusted. Non-amortizing Loans must be liquidated from the Pool. The variable rate NHA MBS coupon resets on a monthly schedule based on the posted one-month CDOR applicable on the first Business Day of the report month, plus or minus a constant spread established when the NHA MBS is issued. If Loans are not referenced to CDOR, the coupon must be set at a minimum of 60 basis points below the lowest Loan rate in the Pool inclusive of incentive discounts. With this pool type, no prepayment penalties or indemnities are passed through to Investors.

Prefix 986 – Homeowner Pool:

Loans on individual properties comprised of up to four (4) self contained residential units. Loans are variable rate Loans with an interest rate based upon an index that resets at least once monthly. Loan payments are not adjusted as the interest rate is adjusted. Non-amortizing Loans must be liquidated from the Pool. The variable rate NHA MBS coupon resets on a monthly schedule based the One-Month Daily Compounded CORRA, this will be calculated using the CORRA Compounded Index published by the Bank of Canada, and adding or subtracting a constant spread established when the NHA MBS is issued. If Loans are referenced to CORRA, the NHA MBS coupon spread plus the reference rate must be set at a minimum of 50 basis points below the lowest Loan rate in the Pool inclusive of incentive discounts. If Loans are not referenced to CORRA, the coupon spread plus the reference rate must be set at a minimum of 60 basis points below the lowest Loan rate in the Pool inclusive of incentive discounts. The reference rate, for this spread test only, is the spot CORRA for the last Bank of Canada Business Day of the month preceding the Issue Date, which is published on the first Bank of Canada Business Day of the issue month by the Bank of Canada. For this pool type, no prepayment penalties or indemnities are passed through to Investors.

Prefix 987 – Homeowner Pool:

Loans on individual properties comprised of up to four (4) self-contained residential units. Loans in this Pool type have floating rates, all of which are either adjustable or variable. The coupon rate is based on a spread to the Weighted Average Mortgage Rate (WAC) of the Loans in the Pool. At Pool issuance, the coupon rate must be at least 50 basis points below the WAC inclusive of incentive discounts. With this pool type, no prepayment penalties or indemnities are passed through to investors.

Prefix 990 – Characteristics described under the section in this chapter entitled [Social Housing Loans](#) above.

Instructions as per how to code and when to liquidate a loan are detailed in [2840 Form Completion](#).

Affordability-Linked Pools – include:

- [Social Housing Pools](#) with prefix 990; or
- Multiple-family pools with prefix 965 and 966 with a minimum 20% of the issued amount represented by eligible multiple-family Loans (Affordable Housing Loans) insured under either:
 - MLI Select provided that the loan has a minimum of 50 affordability points awarded, or
 - the prior MLI Affordable Flex product (which was replaced by MLI Select in March 2022) with the Interest Adjustment Date on or after January 1, 2020, where the 20% minimum is determined as 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 or on the date when a replacement Pool issued after January 1, 2021 is converted into a Market Pool as an Affordability-Linked Pool.

The following are additional specifics regarding the treatment of Affordability-Linked Pools:

- 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 ensure that all Loans in Affordability-Linked Pools meet the applicable eligibility criteria and to monitor their Securitization Portal to ensure that their Loans remain error free prior to the Pool settlement.
- Any replacement pools issued prior to January 1, 2021 will not be eligible to be converted into market pools as Affordability-Linked Pools.
- For purposes of determining the applicable Tier of Guarantee Fees payable, Affordability-Linked Pools are excluded from total issuance volume as described in the section entitled "Fees and Charges Paid by Issuer" in [Chapter 3](#) of this Guide.

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 regard to preferential treatments for Affordability-Linked Pools.

New MLI Select Loans and the prior MLI Affordable Flex Loans should use the Loan identifier code 01- "Affordable Housing Loan" in the 2824 Loan data file. NHA MBS Issuers are (and have been since January 1, 2021) 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

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 for the specific field for the Loan identifier (Line 43-44 in the Record Type "N" and "R").

Loan and Pool Parameters

Pool Size Restriction

Pools that have a total aggregate outstanding principal balance of less than \$2 million may only be issued in the months of January, April, July and October of each year if permitted by CMHC.

Loan Term

As at the Issue Date of an NHA MBS Pool, the maturity date of a pooled Loan must fall within six (6) months prior to the maturity date of the NHA MBS and at least one Loan must mature within the maturity month of the Pool.

Example: For a 60-month Pool issued July 1, 2024 and maturing on July 1, 2029, all Loans in the Pool must mature between January 2, 2029 and July 1, 2029. This means that Investors will receive a maximum of six (6) payments of maturing principal.

Pool Term

The Pool term for fixed rate Pools is limited to a maximum term of 25 years. The Pool term for floating rate Pools is limited to a maximum term of seven (7) years.

Interest Rates on Loans

Loans with different interest rates, within a 2% range, may be included in the same Pool.

For floating rate Pools, as at the Issue Date, the interest rate of each Loan in a Pool must be at least 50 basis points higher than the coupon rate of the respective NHA MBS. For 880, 885, 980 and 985 Pools containing Loans referenced to the one-month CDOR and for 881, 886, 981 and 986 Pools containing Loans referenced to One-Month Daily Compounded CORRA, this 50 basis point rule applies. For 880, 885, 980 and 985 Pools containing Loans that are not referenced to the one-month CDOR, and for 881, 886, 981 and 986 Pools containing Loans not referenced to One-Month Daily Compounded CORRA, each Loan interest rate must be at least 60 basis points higher than the coupon rate of the respective NHA MBS. For 987 Pools, the Weighted Average Interest Rate must be at least 50 basis points higher than the coupon rate. The difference between the highest and lowest pooled Loan interest rates must not exceed 2%. All interest rates in a Pool are to be fixed for the term or, for floating rate Pools, all Loans must have the rate set off the same index.

The Issuer must state the weighted average rate of the Loans on the Issuer's Monthly Accounting Report, [CMHC 2840](#).

Principal Amount

NHA MBS are issued in an aggregate principal amount not exceeding the aggregate amount of principal outstanding on the securitized Loans.

Amortization

As of the Issue Date, the remaining amortization period for all Loans in a Pool must be equal to or greater than the term of the Loan.

Loans that have a remaining amortization period of 15 years or less must be placed in short-term band Pools, and Loans that have amortization periods of 15 years or more must be placed in long-term band Pools. This requirement does not apply to social housing or multiple-family Loans in Pool types with prefixes 965, 966 and 990; and to any Loan types included in any NHA MBS Pool where the aggregate principal balance of the Pool at issuance does not exceed \$15 million.

The remaining amortization period used to qualify a Loan at the time of pooling shall be based on the calculation provided in [Part E, Appendix 7 – Mortgage Formulas and Accounting Conventions](#). In some cases, this may be different than the remaining contractual amortization of the Loan.

Payment Frequency

Loans with repayment privileges more frequent than monthly (for example weekly) are eligible for pooling; however, for NHA MBS reporting purposes they must be converted to the equivalent of monthly payments (see [Part E, Appendix 7 – Mortgage Formulas and Accounting Conventions](#) for conversion formulas). In such cases, the Issuer's Monthly Accounting Report, [CMHC 2840](#), will still generate a single monthly payment of NHA MBS principal to Investors. Issuers must ensure that any change in an amortization period brought about by such a conversion is reflected in the amortized NHA MBS schedule of monthly principal payments. For all Pools, all applicable prepayment privileges/provisions, penalties and/or indemnities must be disclosed to Investors in the NHA MBS Information Circular, [CMHC 2834](#).

Loan Limits within a Pool

There are no individual Loan limits with respect to the total aggregate principal amount for any Pool type. However, where, at the Issue Date, an individual Loan is greater than 25% of the Pool's value, that fact must be disclosed in the NHA MBS Information Circular, [CMHC 2834](#).

Loan Substitution

Issuers are not entitled to substitute Loans. However, if prior to final certification (within no more than 4 months of NHA MBS issuance) a Loan is deemed ineligible, it must either be replaced by a comparable Loan or immediately liquidated as ineligible.

When an ineligible Loan is replaced with a substitute Loan, the Issuer must ensure the interest rate, term and remaining amortization of the substitute Loan(s) is/are within acceptable ranges for the specific Pool. The substitute Loan(s) is (are) to have an outstanding principal balance that is close to, but not exceeding, the remaining principal balance of the original Loan. The difference between the principal balance of the original Loan and the substitute Loan must be deposited into the applicable P&I Trust/Custodial account and passed through to Investors. For the avoidance of doubt, substitutions are not permitted after final certification. Initial and Final Certification are explained in [Chapter 7](#).

Substitutions must be reported on the Issuer's Monthly Accounting Report, [CMHC 2840](#). Issuers must submit an updated Schedule of Pooled Mortgages, [CMHC 2824](#) with the specific Loan details for certification by the Custodian and then, once certified, the Loan details must be provided to the Custodian for the insurance to be validated. The number of liquidated Loans may not match the number of replacing Loans; however, the total principal balance of the liquidated Loans must be greater than or equal to the principal balance of the Loans that are substituted as replacements (such that Loan substitution does not result in an increase in the Pool principal balance).

Ported Loans

Loans may be transferred to a different property and remain in their original Pool (Ported Loans) provided there is no change in the outstanding balance, term or conditions of the Loan and its insurance. To remain in the Pool, the Loan must be discharged from the pre-existing property and transferred to a new property during the same NHA MBS accounting period. Otherwise, the Loan must be liquidated from the Pool. The Issuer must ensure that appropriate documentation (e.g. Québec assignment, where applicable, and a Schedule of Pooled Mortgages, [CMHC 2824](#)) is deposited with the Custodian within 30 days of the transfer. Ported Loans that remain in their original Pool should not be reported on the Issuer's Monthly Accounting Report, [CMHC 2840](#), as a liquidation or substitution.

Assumed Loans

Loans may be transferred to a new mortgagor or may undergo a release or transfer of borrower covenant (Assumed Loans) and remain in their original Pool provided there is no change in the outstanding balance, term or conditions of the Loan and its insurance. Otherwise, the Loan must be liquidated from the Pool. The Issuer must ensure that appropriate documentation is deposited with the Custodian within 30 days of the transfer. Assumed Loans that remain in their original Pool should not be reported on the Issuer's Monthly Accounting Report, [CMHC 2840](#), as a liquidation or substitution.

Pool Diversification

Issuers are required to disclose Pool geographic diversification of Loans in a Pool within the NHA MBS Information Circular, [CMHC 2834](#).

Limitation Against Encumbrances

Pooled Loans (including their proceeds and related mortgages and other security) must be cleared of any security interests or encumbrances arising from any previous or future assignments, pledges, hypothecations, or subject to any transfers of the right, title and interest in and to the Loans (including their proceeds and related mortgages and other security). This is expected to occur prior to the issuance of the NHA MBS (see Final Certification in [Chapter 7](#)).

The Issuer must provide the Custodian with releases of all security interests in relation to the Loans and related mortgages included within each specific Pool (see Release of Security Interest, [CMHC 2822](#)). In addition, by signing the corresponding Schedule of Pooled Mortgages, [CMHC 2824](#), the Issuer certifies that the releases encompass all pooled Loans.

Loans to be included in Pools may not be “warehoused” in a manner that results in the existence of a security interest in, or encumbrance of, any of the Loans on or after the effective date of the assignments to CMHC. The Issuer may finance its transaction with the “warehousing lender” by other assets, or by the pledge of the prospective proceeds to be received at the time of the issuance and the sale of the NHA MBS. Such arrangements are acceptable provided that the pooled Loans (including their proceeds and related mortgages and other security) are free from any interests, claims and encumbrances at the time the assignments to CMHC become effective.

Having already assigned all rights, title and interests in and to the Loans to CMHC, as trustee on behalf of Investors, the Issuer, its successor and assigns shall service each of the said Loans in accordance with usual and prudent mortgage practice. As part of such servicing, the Issuer may grant releases or partial releases of covenants and security, with or without consideration, make any arrangement, consent to an agreement or amend or discharge any mortgage and accept a payout of the Loan without the consent of CMHC provided that any such payout, agreement, arrangement or amendment is not contrary to the requirements of this Guide and the NHA MBS Program, nor to disclosures made to Investors; and provided that it is in accordance with the Issuer’s usual mortgage practice and is in no way prejudicial to Investors or CMHC.

After the securities are issued, an Issuer may pledge that portion of the excess spread it receives which equates to the administration/servicing fee that a Servicer may reasonably charge, provided, however, that the agreement pledging such amount shall stipulate that the secured third party shall acquire none of the rights of the Issuer in respect of the Pool of Loans other than the right to receive an amount that equates to a servicing fee out of the excess spread payable to the Issuer in respect of the Pool while the Issuer is in good standing and is not in default under the Program. For additional details, refer to CMHC’s Rights in [Chapter 10](#).

Chapter 6

Procedures for the Issuance of NHA MBS

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At a Glance

This chapter outlines the allocation methodology, requirements and procedures for applying for the CMHC Guarantee approval.

Allocation and Transfer Methodology for New CMHC Guarantees of Market NHA MBS

To ensure that all Issuers have equal access to new CMHC Guarantees of Market NHA MBS, CMHC has devised an allocation methodology applicable to all Program participants. The total new CMHC Guarantees of Market NHA MBS for all Issuers is subject to a maximum annual limit which is intended to act as an oversight mechanism to manage housing market risks and the Canadian government's exposure to the housing sector. Provisions with respect to allocation and transfer of CMHC Guarantees of Market NHA MBS to Aggregators are intended to improve small lender access to NHA MBS funding and support development of the NHA MBS market. New CMHC Guarantees of Market NHA MBS will be allocated to Issuers and may be transferred to Aggregators in accordance with the following guidelines:

- Based on CMHC's annual NHA MBS Guarantee authority, CMHC will determine the available capacity for new guarantees of Market NHA MBS on a quarterly basis.

- Issuers will submit their NHA MBS Guarantee allocation requests for the applicable period through the allocation request feature in the Securitization Portal.
- Where allocation requests received by CMHC from Issuers exceed available Guarantee capacity, each Issuer receives the lesser of an equal share of the available capacity and the Issuer's requested amount. Any available capacity remaining after this distribution is allocated among Issuers whose requests were not fully filled by repeating this process until available Guarantee capacity has been fully allocated. During each allocation round the Issuers get no more than an equal share of remaining available Guarantee capacity.
- The approved quarterly allocated amount will apply to Guarantees on newly issued Market NHA MBS and for conversions of replacement NHA MBS.
- NHA MBS Guarantee allocation requests from Issuers that are related parties are consolidated into a single allocation request and those related parties will share a single allocation that cannot exceed the maximum allocation granted to any one individual Issuer. The consolidated Market NHA MBS Guarantee allocation request is not applicable to an Aggregator who is neither an Approved Lender nor a Qualified Mortgage Lender. An Aggregator who is neither an Approved Lender nor a Qualified Mortgage Lender should submit an allocation request separate from their non-Aggregator related party Issuers.
- Mortgages in 990 Pools (social housing) that were either renewed or advanced on or after September 1, 2013 are not subject to this NHA MBS Guarantee allocation.
- An Issuer may be designated as an Aggregator by CMHC at the time of their approval for participation in the Program if they are expected to have an Aggregation Ratio in excess of 50% based on, but not limited to, its business model and future business plan, and an Issuer may also be subsequently designated as an Aggregator in the event an Issuer's Aggregation Ratio exceeds 50% for an Evaluation Period. In any case, the calculation of the Aggregation Ratio is performed by CMHC.
- The evaluation and calculation of an Aggregation Ratio for each Issuer will be completed by CMHC on an annual basis in the fourth quarter of the calendar year in respect of the Evaluation Period. At the end of the annual evaluation process, CMHC will provide formal communication to each Issuer that will be designated as an Aggregator.
- Once an Issuer has been designated as an Aggregator:
 - Such Issuer will remain an Aggregator for the period determined by CMHC in its sole discretion, which shall be a minimum of three years;
 - As a condition for CMHC to consider removing an Issuer's Aggregator designation the Issuer must provide a business plan (including supporting documentation) outlining a mortgage origination strategy that is likely to result in the Issuer maintaining an Aggregation Ratio that is not in excess of 50% once the Aggregator designation is removed; and
 - If an Issuer is determined to be an Aggregator again after having a prior Aggregator designation removed, CMHC may in its sole discretion designate the Issuer as an Aggregator on a permanent basis.
- Once CMHC has approved an Issuer's Market NHA MBS allocation request, the Issuer will be permitted to transfer all or a portion of its Market NHA MBS allocation to Aggregators. The transfer requests are made through the CMHC Securitization Portal.
- The Market NHA MBS allocation obtained by an Aggregator from an Issuer may only be used by the Aggregator to securitize Loans originated by that Issuer (or a related party of that Issuer).
- Once an allocation has been transferred to an Aggregator it cannot be transferred back to the Issuer.

- **Aggregators** will also be able to obtain their own separate Market NHA MBS Guarantee allocation. However, an Aggregator's own NHA MBS Guarantee allocation can only be used to securitize mortgage Loans originated either by that Aggregator or by a Non-Issuer. In order to securitize a Loan originated by another Issuer (or a related party of that Issuer), an Aggregator must obtain a transfer of NHA MBS allocation from that Issuer. In addition, in a given quarter, the total of an Aggregator's own Guarantee allocation and any Guarantee allocation(s) it obtains from other Issuers by way of transfers cannot exceed the maximum quarterly Market NHA MBS Guarantee allocation provided to any single non-Aggregator Issuer.

Applications for the CMHC Guarantee Approval for Pools

Subject to first obtaining a quarterly allocation for new guarantees of Market NHA MBS, Issuers must then submit Pool requests through the Securitization Portal in order to obtain the CMHC Guarantee for any Pools and issue related NHA MBS. This may be done at the same time a participant submits its Pool documentation (see [Chapter 7](#)). Each approval by CMHC is accompanied by and identified in the records of CMHC by an 8-digit Pool Number.

Term of the CMHC Guarantee Approval for Pools

An approval authorizes the Issuer to issue NHA MBS up to a stated amount within the six-month period immediately following the date of the approval (provided that the Issuer has sufficient NHA MBS allocation). Commitments for the CMHC Guarantee expire six (6) months from the date of the CMHC Guarantee approval. The Issuer must remain in good standing and comply with this Guide and any conditions specified in the CMHC Guarantee approval between the granting of the approval and the Issue Date. The Issuer is under no obligation to issue the NHA MBS. CMHC may at the request of the Issuer approve an extension of the term of the CMHC Guarantee approval for a period not exceeding 45 days. A request for an extension must be made through the Securitization Portal before the expiration of the outstanding commitment.

Pool Type Designation

When an Issuer submits Pool requests through the Securitization Portal, the Issuer must indicate the type of Pool for which it is applying (see [Pool types in Chapter 5](#) of this Guide).

Chapter 7

Assembly and Submission of Documentation

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At a Glance

This chapter details the forms and documents that Issuers must execute before being able to issue NHA MBS and describes the Pooling process that Issuers must follow to deliver necessary Pool documentation to CMHC once the Pool is assembled.

Obtaining NHA MBS Program Forms

Fillable copies of all forms used in connection with the NHA MBS Program are available on the CMHC website. Issuers may download the forms and input data directly into the corresponding fillable fields and submit the signed copies in accordance with the distribution instructions in [Part D: Accessing and Distribution of Forms](#). Note that the NHA MBS Information Circular, [CMHC 2834](#), must be a bilingual document, and that the Issuer's Monthly Accounting Report, [CMHC 2840](#), is submitted electronically to the Central Payor and Transfer Agent in the electronic format specified by the CPTA.

Required Documents

A. Program-Level Forms

The Issuer and other appropriate parties must complete the applicable Program-Level Forms from the following list, on or before the Issuer submits a request for an NHA MBS Guarantee Approval.

CMHC 2807	Electronic Documentation Acknowledgement and Agreement
CMHC 2820	Custodial Agreement
CMHC 2835	Mortgage Pool Transfer and Servicing Agreement (Quebec)
CMHC 2835 (TC)	Mortgage Pool Transfer and Servicing Agreement (Title Custodian)
CMHC 2836	Mortgage Pools Transfer Agreement
CMHC 2836 (TC)	Mortgage Pool Transfer Agreement (Title Custodian)
CMHC 2837	Assignment of Universality of Claims (Issuer)
CMHC 2837 RH	Assignment of Universality of Claims (Registered Holder)
CMHC 2841	Power of Attorney
CMHC 2841 (TC)	Power of Attorney (Title Custodian)
CMHC 2841Q	Power of Attorney (Quebec)
CMHC 2841Q (TC)	Power of Attorney (Quebec) (Title Custodian)
CMHC 2843	MBS Mortgage Security Registration Agreement
CMHC 2843 (NR)	MBS Mortgage Security Registration Agreement (Non-Regulated Issuer)

Powers of Attorney, Notices and Assignments

The requirements related to execution, certification, registration and affidavits will differ from jurisdiction to jurisdiction within Canada and will change from time to time in each jurisdiction. Issuers and Registered Holders (as applicable) should consult local counsel and notaries before completing their powers of attorney, assignments and registrations, to ensure they are registerable, valid and enforceable. If the Issuer is advised of any differences from or issues related to what is provided under the Program by their counsel or notary, it should be brought to CMHC's attention.

B. Pool-Level Forms

The Issuer and other appropriate parties must complete the applicable Pool-Level Forms from the following list for each Pool (within the timelines set out below):

CMHC 2806	Letter Agreement for Issuer's P & I Custodial/Trust Account (where applicable)
CMHC 2814	Mortgage Pool Servicing Agreement
CMHC 2822	Release of Security Interest (where applicable)
CMHC 2824	Schedule of Pooled Mortgages
CMHC 2825	Title Custodian Certifications, where applicable
CMHC 2830	Schedule of Subscribers and Contractual Agreement
CMHC 2832	Letter Agreement for Issuer's Tax Custodial/Trust Account (where applicable)
CMHC 2834	NHA MBS Information Circular
SCHL 2834	Circulaire d'information sur les titres hypothécaires LNH
N/A*	Deed of Transfer (Québec Assignments) (where applicable)

* The form of the Deed of Transfer for Quebec loans can be obtained from the CMHC Securitization Centre.

The Issuer's Monthly Accounting Report, [CMHC 2840](#), must be transmitted to the CPTA on a monthly basis for the term of the NHA MBS Pool.

The Issuer and other appropriate parties must complete all applicable Program Level Forms on or before the Issuer submits a request for an NHA MBS Guarantee Approval, and must submit to CMHC and the Custodian all applicable Pool-Level Forms required for Initial Certification in electronic format through the Securitization Portal at least five (5) full Business Days before the settlement date of the NHA MBS Pool. The only Pool-Level Form exempt from this requirement is the initial certification on the reverse of the Schedule of Pooled Mortgages, which must be submitted at least two (2) Business Days before the settlement date of the NHA MBS Pool.

The forms are described in more detail in [Part D](#) of this Guide. The most current version of each form is available on the CMHC website.

NHA MBS Guarantee Application and Approval

Issuers must apply for NHA MBS Guarantee Approvals through the Securitization Portal.

Letter Agreement for Issuer's P & I Custodial/Trust Account, [CMHC 2806](#)

This agreement provides CMHC with a standard P & I Custodial/Trust Account, along with the name and address of the depository institution and the account number. The agreement should specify "All Pools" if the same Custodial/Trust Account is used for all the Issuer's Pools or "All Pools Serviced by _____" if the same Custodial/Trust Account is used for all the Issuer's Pools comprised entirely of Loans that are serviced by a particular Servicer. Otherwise a separate Letter Agreement for the Issuer's P&I Custodial/Trust Account, CMHC 2806, must be provided for each NHA MBS Pool.

Electronic Documentation Acknowledgement and Agreement, [CMHC 2807](#)

This agreement must be signed by all parties signing CMHC Forms submitted in electronic format (for further details on the CMHC Forms that can be submitted in electronic format, refer to Part D – Accessing and Distribution of Forms).

Mortgage Pool Servicing Agreement, [CMHC 2814](#)

This agreement indicates whether the servicing of the pooled Loans will be performed by the Issuer or by a Servicer (or different Servicers for different Loans in a Pool). If there is more than one Servicer, a CMHC 2814 must be completed for each Servicer.

Schedule of Pooled Mortgages, [CMHC 2824](#)

This form describes the pooled Loans. The Custodian must sign the initial certification on the reverse side of the Schedule of Pooled Mortgages, [CMHC 2824](#), before the settlement date of the NHA MBS. This form together with the [PDF Loan List](#) must be provided to the Custodian in an electronic format at least five (5) full Business Days prior to the settlement date. The Issuer and appropriate parties must complete the documents specified in the [Document Delivery and Certification](#) Section in order to allow the Custodian to complete initial certification. The Custodian must have these documents before the CPTA delivers the NHA MBS. The Custodian must complete the final certification within 4 months from the Issue Date. The documents required for final certification are also specified in the [Document Delivery and Certification](#) Section.

Title Custodian Certifications, CMHC 2825

This form is required for each Pool issued by a Non-Regulated Issuer or a Newly Formed or Dormant Entity (as applicable) to confirm that all Loans in the Pool are registered in the name of the applicable Title Custodian. If there are different Title Custodians for different Loans in a Pool, this form must be completed for each Title Custodian.

If at initial certification the Pool contains any Loans that have not been certified by Title Custodian Certifications, CMHC 2825, the Issuer must, prior to delivery of the NHA MBS, either liquidate those Loans or provide the Custodian with funds equal to their outstanding principal balance. The funds will be held in a trust account by the Custodian.

At final certification, any uncertified Loans will be considered ineligible and must be immediately liquidated from the Pool. Investors will receive the outstanding principal balance of the liquidated Loans on the next scheduled Payment Date. The Custodian will then return the funds to the Issuer.

Schedule of Subscribers and Contractual Agreement, CMHC 2830

This form lists the name and address of each of the investors and the face amount of NHA MBS that they subscribed for. NHA MBS that are not sold may be registered in the name of the Issuer. The list of subscribers and the delivery instructions may not be revised after the form is submitted to CMHC. The Issuer must state on the form the name of its authorized courier or other representative if NHA MBS Certificates are to be picked up at the offices of the CPTA. The executed form references the establishment of a contract between CMHC as trustee on behalf of Investors and the Issuer. The Issuer must provide CMHC with the CUSIP for the Pool at least one (1) full Business Day prior to settlement of the NHA MBS Pool.

Letter Agreement for Issuer’s Tax Custodial/Trust Account, CMHC 2832

If the Issuer collects property taxes on pooled multiple-family Loans, this agreement provides CMHC with a standard Custodial/Trust Account along with the name and address of the depository institution maintaining the Tax Custodial/Trust Account number (see [Chapter 9](#)). This agreement can also provide alternate security that is acceptable to CMHC. The agreement should specify “All Pools” if the same Tax Custodial/Trust Account is used for all the Issuer’s Pools, or “All Pools Serviced by _____” if the same Tax Custodial/Trust Account is used for all the Issuer’s Pools comprised entirely of Loans that are serviced by a particular Servicer.

NHA MBS Information Circular, CMHC 2834

This form provides a standard description of the NHA MBS to be issued and discloses to Investors a summary of the terms and provisions in the mortgage documents that may materially affect the cash flow behaviour of the Pool, including, but not limited to, any prepayment provisions and any re-advancing or refinancing rights that may lead to a Loan’s early liquidation. This form also discloses the circumstances under which the Investors will or will not receive an indemnity or penalty for early prepayments as well as the applicable indemnity or penalty calculation. This form should be bilingual and delivered to Investors at the same time or before the Investor agrees to purchase the NHA MBS.

Additional Requirements

Insurer Confirmation

For each NHA MBS Pool, an insurance confirmation is required from the mortgage insurer to ensure the following:

- that the pooled Loans are 100% insured against borrower default;
- that the Loan information submitted for the Pool matches the insurer’s records, including the mortgage particulars;
- that the pooled Loans comply with the terms of the PRMHIA or the NHA, as applicable; and
- that the mortgage insurer has complied with its responsibility for verifying all applicable Loan eligibility criteria relating to mortgage insurance status and Loan status.

NHA MBS Fees

The NHA MBS Application Fees and Guarantee Fees payable to CMHC must be calculated and remitted as outlined in the section entitled “Fees and Charges Paid by Issuer” in Chapter 3 of this Guide.

The status of a Pool request is available in the Securitization Portal. If it is determined that the proposed issue of NHA MBS is not eligible for the CMHC Guarantee, CMHC will advise the Issuer of its decision, stating the reasons for rejection.

The Pooling Method

Issuers must use the pooling method outlined below for all Pools.

The initial unpaid balance of a Pool shown on the Schedule of Pooled Mortgages, [CMHC 2824](#), is the balance remaining after all principal payments scheduled for payment up to and including the first day of the month of issue have been credited. That day is called the “Issue Date.” The aggregate principal amount of the NHA MBS and the amount of principal outstanding on the Loans on the basis of which the NHA MBS are issued are equal at the Issue Date of the NHA MBS.

The first payment due to Investors will be made on the Payment Day of the month following the Issue Date (approximately 45 days). This payment consists of the following:

- the expected principal due on the first day of the month immediately following the month of issue;
- unscheduled principal payments made in the report month of issue plus interest penalties and indemnities; and
- one (1) month’s interest (based on a 10-digit monthly factor) at the coupon rate of the NHA MBS multiplied by the original principal amount of the Pool.

The maturity date of NHA MBS based on this method of pooling is the last maturity date of an underlying pooled Loan. If the last maturing pooled Loan matures on a day other than the first of the month, the maturity date of the NHA MBS is the first of the following month.

Document Delivery and Certification

The Issuer must deliver the documents outlined below to the Custodian in accordance with the conditions of the Custodial Agreement, [CMHC 2820](#), and in order to obtain the certification required on the Schedule of Pooled Mortgages, [CMHC 2824](#). In addition to the physical original and electronic documents to be distributed, individual Loan details are to be provided to the Custodian in electronic format for all Pools as specified in the New Loans Load Transmission File, which is then forwarded to the insurer of the Loans for verification of valid insurance coverage. The insurer’s verification is transmitted electronically by the insurer to CMHC. For each Pool, the list of all ineligible or deficient Loans is made available in the Securitization Portal. The Custodian will ensure that the forwarded documents and information (whether in physical or electronic form) relate to the Loans listed in the Schedule of Pooled Mortgages, [CMHC 2824](#), and will certify receipt of the documents. The Custodian will also certify that it has examined the documents and determined that they satisfy the requirements of the Program as defined in this Guide.

Custodian Review and Initial/Final Certification

The Custodian shall conduct the reviews described below before making the initial/final certification on the Schedule of Pooled Mortgages, [CMHC 2824](#). The list of Loans on the Schedule of Pooled Mortgages, [CMHC 2824](#), is to be used as a control in determining that the documents in the Pool file relate to the pooled Loans.

Initial Certification

Prior to the delivery of the NHA MBS by the CPTA, the Custodian must certify that it has received the following from the Issuer:

- a Schedule of Pooled Mortgages, [CMHC 2824](#);
- a PDF Loan List containing the pooled Loan details (for further details, refer to Loan Details Required in PDF Loan List in the Appendix to the Schedule of Pooled Mortgages, [CMHC 2824](#)); and
- all Pool and applicable Loan details required for the Custodian to complete the 'New Loans Load Transmission File' to be sent to CMHC (the data fields in the New Loans Load Transmission File are available in the Appendix to the Schedule of Pooled Mortgages, [CMHC 2824](#)).

Initial certification is only to be granted once all mandatory details for all pooled Loans have been provided in a PDF file and within the New Loans Load Transmission File.

The Custodian will also certify that it has the requisite originals and electronic copies (as prescribed in [Part D](#) of this Guide) of the following documents for all Loans originated in provinces and territories other than the Province of Quebec:

- an executed Mortgage Pools Transfer Agreement, [CMHC 2836](#), from the Issuer and any Registered Holder of pooled mortgages different from the Issuer; and
- an executed Power of Attorney, [CMHC 2841](#), from the Issuer and any Registered Holder of pooled mortgages different from the Issuer, together with proof of registration for all the applicable registry and land titles offices. For those jurisdictions where registration is not applicable, the executed copy of the Power of Attorney, [CMHC 2841](#).

For Loans originated in the Province of Quebec, the Custodian will certify that it has received from the Issuer and any Registered Holder different from the Issuer an executed Mortgage Pool Transfer and Servicing Agreement (Quebec), [CMHC 2835](#), a Power of Attorney, [CMHC 2841Q](#), and a registered Assignment of Universality of Claims, [CMHC 2837](#) or [CMHC 2837 RH](#), as applicable

In addition, where the registered holder of pooled mortgages is different from the Issuer, the Custodian will also certify that it has an MBS Mortgage Security Registration Agreement, [CMHC 2843](#) or [CMHC 2843 \(NR\)](#), executed by the Issuer, Registered Holder and CMHC.

Finally, for each Pool issued by a Non-Regulated Issuer or a Newly Formed or Dormant Entity, the Custodian will certify that it has a Title Custodian Certifications, [CMHC 2825](#), for each Title Custodian of Loans in the Pool, executed by an authorized officer of the Issuer and applicable Title Custodian. The Custodian will examine the Title Custodian Certifications provided, identify any and all uncertified Loans and, if applicable, ensure it has received funds equal to the principal balance of such Loans.

Following the initial certification, the Custodian must forward a completed electronic copy of the Schedule of Pooled Mortgages, [CMHC 2824](#), directly to CMHC and to the Issuer.

Ineligible Loans Prior to Initial Certification

An Issuer may discover that a Pool contains an ineligible Loan prior to the settlement date of the NHA MBS Pool, often because the insurance premium for the loan has not been received by the applicable insurer. In such circumstances, the Issuer must delete the Loan from the Pool or, for the Pool to settle with the ineligible Loan, the Issuer must provide the Custodian with funds equal to the unpaid principal balance (as at the Issue Date) of the ineligible Loan prior to Initial certification. The funds will be held in a trust account by the Custodian. If such ineligible Loan is not cured or substituted prior to Final Certification, the Custodian will release the funds to the CPTA. However, normally the Issuer liquidates or substitutes the ineligible Loan (as Ineligible) in the monthly accounting period preceding the Final Certification of the Pool (which must occur no later than 4 months from NHA MBS issuance) and includes the liquidated amount (or in the case of substitution, the difference between the unpaid balance of the original loan and substituted loan) with the monthly accounting funds passed through to the Investors as a principal payment. The Custodian then returns the corresponding funds to the Issuer.

Final Certification

The Custodian must provide its final certification with respect to the following documents that relate to each and all pooled Loans within four (4) months of the Pool Issue Date.

In order to obtain final certification for the Pool, the Issuer must provide the Custodian with the following:

- the appropriate registerable mortgage assignment documentation (from the Registered Holder) for Loans originated in Quebec as prescribed in Mortgage Pools Transfer to CMHC Acting on Behalf of Investors. In lieu of registerable mortgage assignments for Loans originated in Quebec, the Issuer can provide a Title Custodian Certification, [CMHC 2825](#), to confirm such Loans are held in the name of a Title Custodian, executed by an authorized officer of the Issuer and applicable Title Custodian. The combination of registerable mortgage assignment documentation and title certification using the [CMHC 2825](#) is also acceptable;
- the appropriate assignment documentation (from the Registered Holder) prescribed by CMHC as set out below in the section Mortgage Documentation Trigger Events. Trigger events specific to Quebec mortgages are listed in [Mortgage Pools Transfer to CMHC Acting on Behalf of Investors](#); and
- if any Loan in the Pool is encumbered by other interests, the Issuer must obtain an executed Release of Security Interest, [CMHC 2822](#), for each person or institution with any interests or rights in and to any and all pooled Loans and related mortgages.

For collateral mortgage Pools, with prefixes 867, 880, 881, 885 and 886, a Release of Security Interest, [CMHC 2822](#), is always required from the Issuer and any Registered Holder different from the Issuer, the disclosure of which must be identified in the [CMHC 2824](#).

Upon the execution of the Release of Security Interest forms, only the Investors and CMHC will have any interest, other than nominal title, in and to the pooled Loans (including their proceeds and related security).

- If necessary, the Custodian must hold one (1) or more Release forms per Pool to encompass all pooled mortgages. If there are no such security interests, this submission is not required (except in the case of Collateral Pools with number 867, 880, 881, 885 and 886 which always require submission of [CMHC 2822](#)) and the fact should be reported on the Schedule of Pooled Mortgages, [CMHC 2824](#).
- Where the Release of Security Interest is required, the [CMHC 2824](#) states:

Any and all security agreements affecting the loans and related mortgages (which shall include collateral mortgages) identified in the Schedule of Pooled Mortgages, [CMHC 2824](#), relating to the pool number indicated above are limited by a duly executed Release of Security Interest, [CMHC 2822](#), delivered by the Issuer to the designated Custodian, which relinquishes in favour of CMHC any and all interest or right of a secured party in and to the pooled loans and related mortgages. Upon the execution of the Release of Security Interests, only CMHC (on its own behalf as Guarantor and on behalf of Investors in mortgage-backed securities issued by the Issuer and guaranteed by CMHC under the NHA Mortgage-Backed Securities Program) will have any interest, other than nominal title, in and to the loans and related mortgages. Where the mortgages securing loans that are pooled under the NHA Mortgage-Backed Securities Program also secure the payment of other obligations (the “other obligations”), the Issuer expressly agrees that such other obligations are hereby released from those mortgages and no longer secured by them, provided that this release will be deemed not to have been granted in the event that such mortgage and pooled loans are reassigned by CMHC, in its sole and absolute discretion, to the Issuer.

- Where the Release of Security Interest is NOT Required, the [CMHC 2824](#) states:

No loans and related mortgages (which shall include collateral mortgages) identified in the Schedule of Pooled Mortgages, [CMHC 2824](#), relating to the pool number indicated above are now subject to any security agreement with the Issuer, and only CMHC (on its own behalf as Guarantor and on behalf of Investors in mortgage-backed securities issued by the Issuer and guaranteed by CMHC under the NHA Mortgage-Backed Securities Program) will have any interest, other than nominal title, in and to the loans and related mortgages. Where the mortgages securing loans that are pooled under the NHA Mortgage-Backed Securities Program also secure the payment of other obligations (the “other obligations”), the Issuer expressly agrees that such other obligations are hereby released from those mortgages and no longer secured by them, provided that this release will be deemed not to have been granted in the event that such mortgage and pooled loans are reassigned by CMHC, in its sole and absolute discretion, to the Issuer.

- The Custodian is to hold any additional security required by CMHC such as a letter of credit or guaranteed investment certificate in lieu of a Tax Custodial/Trust Account if there is additional security held for an NHA MBS Pool on behalf of CMHC as trustee.

Documents must be completed and deposited with the Custodian when the period of time allotted for final certification expires. Loans that are not completely documented within the prescribed time must be liquidated immediately or replaced with a fully documented and Pool-eligible Loan.

If the Issuer fails to achieve final certification within the specified time, it will constitute a default according to the provisions of this Guide. Default will result in suspension of authority to originate further issues of NHA MBS. As well, CMHC in its sole discretion, may take further action under the provisions of [Chapter 10](#).

Mortgage Documentation Trigger Events

An Issuer will also be required to provide the Custodian with the following mortgage documentation and, in some circumstances, registerable mortgage assignments from the Registered Holder, for pooled Loans following written notification from CMHC stating that a documentation trigger event has occurred:

- An electronic copy of the individual pages of the duplicate of the registered mortgage (DRM) document bearing the legal description of the property and the registration certification, or a complete electronic copy of the DRM document bearing a certificate or proof of registration;
- electronic copies of all registered assignments or transfers and agreements to show a complete chain of title from the originating mortgagee to the Issuer, if the Issuer did not originate the Loan;
- electronic copies of any additional security related to the Loan are to be included in the documentation, where the Loan is secured by a mortgage on a multiple-family project or social housing project. Without restricting the foregoing, “security” includes any and all documents securing the Loan, such as chattel mortgages, assignments of rents or assignments of leases; and
- in some circumstances, registerable mortgage assignments from the Registered Holder.

The mortgage documentation trigger events are listed below:

- The Issuer defaults in the performance of any of its obligations under the NHA MBS Guide specifically relating to the collection, remittance, deposit or payment of amounts to the Central Payor and Transfer Agent (CPTA). The Issuer will be required to provide the Custodian with registerable assignments of all mortgages and related security in all outstanding Pools on demand, failing which CMHC shall be entitled to unfettered access to books, records and accounts as described below and will complete the assignments itself by way of the Power of Attorney documents that CMHC has from the Issuer and Registered Holder(s) of pooled mortgages.
- The Issuer fails to report accurate monthly accounting data on a timely basis for any Pool backing NHA MBS of the Issuer as required under the NHA MBS Guide (the contract), and such default remains unremedied for a period of one (1) Business Day after written notice has been given by CMHC. The Issuer will be required to provide the Custodian with registerable assignments of all mortgages and related security in all outstanding Pools on demand, failing which CMHC shall be entitled to unfettered access to books, records and accounts as described below and will complete the assignments itself by way of the Power of Attorney documents that CMHC has from the Issuer and Registered Holder(s) of pooled mortgages.
- Any impending or actual insolvency on the part of the Issuer, as evidenced by, but not limited to:
 - the commencement of a dissolution or insolvency proceeding involving the Issuer;
 - the appointment of a receiver-manager, trustee or other similar court, regulator or creditor appointed officer over the Issuer’s business, or the taking of control or possession by such officer of the Issuer’s business, in whole or in part, before the commencement of a dissolution proceeding or a case in bankruptcy;
 - a general assignment by the Issuer for the benefit of any of its creditors; and
 - the general failure of, or the inability to, or the written admission of the inability of the Issuer to pay its debts as they become due.

The Issuer will be required to provide the Custodian with registerable assignments of all mortgages and related security in all outstanding Pools on demand, failing which CMHC shall be entitled to unfettered access to books, records and accounts as described below and will complete the assignments itself by way of the Power of Attorney documents that CMHC has from the Issuer and Registered Holder(s) of pooled mortgages. In addition, if the Issuer is already insolvent, the Issuer may be required to provide the Custodian with DRMs for all Loans in all outstanding Pools, on demand.

- Any change in the business status of an Issuer, which is considered by CMHC to materially adversely affect the liability or rights of CMHC as guarantor or pursuant to the NHA MBS Guide, which has not been eliminated or remedied within five (5) Business Days after notice has been given by CMHC. The Issuer will be required to provide the Custodian with registerable assignments of all mortgages in all outstanding Pools on demand, failing which CMHC shall be entitled to unfettered access to books, records and accounts as described below and will complete the assignments itself by way of the Power of Attorney documents that CMHC has from the Issuer and Registered Holder(s) of pooled mortgages.
- If the Issuer is rated and its rating is, at any time, reduced below the Minimum Acceptable Rating, the Issuer will be required to provide the Custodian with registerable mortgage assignments of all mortgages in all outstanding Pools on demand, failing which CMHC shall be entitled to unfettered access to books, records and accounts as described below and will complete the assignments itself by way of the Power of Attorney documents that CMHC has from the Issuer and Registered Holder(s) of pooled mortgages.
- If the Issuer is unrated and it reports negative cash flow from operations in its annual financial statements, that is determined by CMHC to have a material adverse effect on the Issuer's financial stability, the Issuer will be required to provide the Custodian with registerable assignments of all mortgages in all outstanding Pools on demand, failing which CMHC shall be entitled to unfettered access to books, records and accounts as described below and will complete the assignments itself by way of the Power of Attorney documents that CMHC has from the Issuer and Registered Holder(s) of pooled mortgages.
- An Issuer's average default (defined as Loans being three (3) months or more in arrears) ratio for all outstanding Pooled Loans for any consecutive three (3) month period exceeds 2%. The Issuer will be required to provide the Custodian with copies of DRMs for all mortgages in all outstanding Pools within 60 days of written notice from CMHC.
- The Issuer neglects to observe or perform any other term, condition, covenant or obligation contained in this Guide (other than those listed above), which failure could have material adverse effect and remains unremedied for 30 Business Days after written notice from CMHC. The Issuer will be required to provide the Custodian with copies of DRMs for all mortgages in all outstanding Pools within 60 days of written notice from CMHC.

In the administration of the trigger events, CMHC will review the situation under which the trigger event occurs in each case and, in its discretion, determine the circumstances under which the required documentation must be provided by the Issuer to CMHC.

Where a Registered Holder different from the Issuer holds title to pooled mortgages, CMHC shall have the right to effect assignments and transfer all rights, title and interest of the Registered Holder in or under all documents relating to or ancillary to such pooled mortgages, in its name or in the name of an entity specifically designated by CMHC. In this regard, the Registered Holder irrevocably appoints CMHC as its attorney for the purpose of the preparation, execution and delivery on behalf of and as attorney for the Registered Holder of all such assignments and transfers of all rights, title and interest of the Registered Holder in or under all documents relating to or ancillary to the Loans in the Pools.

Access to Books, Records and Accounts

The Issuer acknowledges and agrees that the Investors in an NHA MBS Pool, the owners of the Loans and underlying mortgages, are also, for so long as the Loans are in such Pool, the proper owners of all books, records or accounts of the Issuer, the applicable Loan Servicer, the Custodian, the agent or other person that relate to the CMHC Guarantee of the NHA MBS and the mortgages. The Issuer further acknowledges and agrees that CMHC acts as trustee on behalf of the Investors in this regard. Accordingly, the Issuer agrees that it shall:

- immediately upon the request of an authorized representative of CMHC, make available and give unfettered access to any books, records or accounts of the Issuer that relate to the CMHC Guarantee of the NHA MBS and the Loans; and
- cause to make available and have unfettered access given to any books, records or accounts of any Loan Servicer, Custodian, agent or other person that relate to the CMHC Guarantee and the Loans for inspection, copying and obtaining by an authorized representative of CMHC such books, records or accounts. This acknowledgement and agreement inure to and are binding upon all successors and assigns of the Issuer.

Mortgage Pools Transfer to CMHC Acting on Behalf of Investors

The following conditions apply to Loans originated in all provinces and territories other than the Province of Quebec:

- The Issuer and any Registered Holder of pooled mortgages different from the Issuer must execute a Mortgage Pools Transfer Agreement, [CMHC 2836](#), and Power of Attorney, [CMHC 2841](#).
- The Power of Attorney is to be registered in all land registry or land titles offices in all provinces or territories where Loans are registered, as applicable.
- These documents give CMHC all the Issuer's (and Registered Holder's) rights, title and interests to the pooled Loans.

The following conditions apply to Loans originated in the Province of Quebec:

- The Issuer and any Registered Holder of pooled mortgages different from the Issuer must execute a Mortgage Pool Transfer and Servicing Agreement (Quebec), [CMHC 2835](#), and Power of Attorney, [CMHC 2841Q](#), and must also provide a registered copy of an Assignment of Universality of Claims, [CMHC 2837](#) or [CMHC 2837 RH](#), as applicable. All Issuers, other than Non-regulated Issuers and Issuers that are Regulated Institutions, must provide, from each Registered Holder of pooled mortgages, the appropriate form of registerable mortgage assignment documentation required in Quebec. Issuers with an unconditional guarantee from a qualified credit support provider, acceptable to CMHC, are not required to provide registerable mortgage assignment documentation. In lieu of registerable mortgage assignments for Loans originated in Quebec, the Issuer can provide a Title Custodian Certification, [CMHC 2825](#), to confirm such Loans are held in the name of a Title Custodian, executed by an authorized officer of the Issuer and applicable Title Custodian. The combination of registerable mortgage assignment documentation and title certification using the [CMHC 2825](#) is also acceptable. These documents must be delivered to the Custodian (see [Chapter 2](#)).
- For Loans securitized by Issuers that are Regulated Institutions, CMHC can rely on the Power of Attorney, [CMHC 2841Q](#) provided in lieu of registerable Quebec mortgage assignments; provided, that upon the happening of any of the following trigger events the Issuer shall be required to promptly deliver to the Custodian registerable Quebec mortgage assignments from the Issuer and any Registered Holder of pooled mortgages different from the Issuer:
 1. The Issuer's applicable rating is, at any time, reduced below the Minimum Acceptable Rating by any rating agency.
 2. The Issuer defaults in the performance of any of its obligations under the NHA MBS Guide (the contract) specifically relating to the collection, remittance, deposit or payment of amounts to the CPTA.

3. The Issuer fails to report accurate monthly accounting data on a timely basis for any Pool backing NHA MBS of the Issuer as required under the NHA MBS Guide (the contract), and such default remains unremedied for a period of one (1) Business Day after written notice has been given by CMHC.
4. There is an impending or actual insolvency on the part of the Issuer, as evidenced by, but not limited to:
 - the commencement of a dissolution or insolvency proceeding involving the Issuer;
 - the appointment of a receiver-manager, trustee or other similar court, regulator or creditor appointed officer over the Issuer's business, or the taking of control or possession by such officer of the Issuer's business, in whole or in part, before the commencement of a dissolution or insolvency proceeding;
 - a general assignment by the Issuer for the benefit of any of its creditors; or
 - the general failure of, or the inability to, or the written admission of the inability of the Issuer to pay its debts as they become due.
5. Generally, any change in the business status of an Issuer, which is considered by CMHC to materially adversely affect the liability or rights of CMHC under the terms of the NHA MBS Guide or to CMHC risk exposure which has not been eliminated or remedied within five (5) Business Days after notice has been given by CMHC.

For pooled mortgages registered in the name of an entity different from the Issuer, an MBS Mortgage Security Registration Agreement, [CMHC 2843](#) or [CMHC 2843 \(NR\)](#), as applicable, is required to clarify the ownership of the pooled mortgages and the responsibilities of the parties involved. This agreement must be executed by the Issuer, the Registered Holder and CMHC.

These documents give CMHC all the Issuer's (and Registered Holder's) rights, title and interests to the pooled Loans. CMHC holds all such rights, title, and interests in trust for the benefit of Investors for the purpose of protecting the rights of Investors under the NHA MBS Program. The trust provided for in this arrangement is established under and governed by the laws of the Province of Ontario. CMHC is acting as trustee on behalf of the Investors in the Pool in either instance.

CMHC gives the Issuer the right to hold registered title to the pooled mortgages while it remains in good standing or, in certain circumstances, gives an entity different from the Issuer the right to hold registered title to the pooled mortgages. Instances in which CMHC may allow a third-party to hold registered title include, but are not limited to, where title is held by a third-party for administrative reasons (for example Loan servicing) or where the Issuer is restricted from holding title (e.g. Non-Regulated Issuers and Newly Formed or Dormant Entities).

Notwithstanding the above, the Issuer acknowledges and agrees that it continues to be fully responsible under the Program for all Issuer responsibilities, including ensuring that CMHC will at all times have an enforceable right to the pooled Loans (and related mortgages), security and insurance coverages.

CMHC can require that title be registered in its name (or the name of its designee), in its own right as trustee on behalf of Investors upon a declaration of an [event of default](#).

CMHC is authorized to prepare, sign and deliver on behalf of and as attorney for the Issuer (and where applicable, any Registered Holder different from the Issuer), assignments and transfers to CMHC of all rights and interests that the Issuer (and where applicable, any Registered Holder different from the Issuer) has at the Issue Date or acquires at a later date. These assignments and transfers can be in or under any of the documents relating to the Loans and mortgages in the Pool, including:

- the mortgagee's interest in the Loan insurance policy;
- the report on title or the mortgagee's interest in title insurance relied upon by the originator
- of the Loan;
- the mortgagee's interest in indemnity against fire and other standard insurable perils; and
- any other additional security ordinarily obtained by a prudent lender in connection with the Loan and mortgage.

Re-assignment to Issuer

Once an Issuer in good standing has discharged all of its obligations to CMHC and Investors in respect of a Loan in a Pool and otherwise upon termination of a Pool in accordance with the terms of the NHA MBS Guide, the mortgage assignment documentation (Mortgage Pool Transfer and Servicing Agreement (Quebec), [CMHC 2835](#); Mortgage Pools Transfer Agreement, [CMHC 2836](#) and/or the specific registerable mortgage assignments) will no longer apply in respect of that Loan or Pool, as the case may be. Once the Issuer has discharged all of its obligations in respect of any Loan in a Pool and otherwise upon termination of a Pool, the Loan-specific documents in respect of the Loan or Loans, as the case may be, will be returned to the Issuer.

Where a mortgage secures two (2) or more Loans securitized under the Program, the mortgage assignment documentation in respect of that mortgage will continue to apply until all pooled Loans secured by that mortgage are paid out to Investors.

Where an assignment to CMHC has been registered and needs to be re-assigned or discharged upon payout in accordance with the Program, or where CMHC is satisfied that such re-assignment or discharge is the appropriate course of action to deal with a borrower default situation, CMHC will execute such assignment or discharge. In such instances, the Issuer is responsible for preparing, carrying out and registering the documents at its own expense.

Chapter 8

NHA MBS Certificates and the NHA MBS Information Circular

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At a Glance

This chapter explains procedures for preparing, registering and delivering NHA MBS Certificates, both at the time of issuance and in connection with subsequent transfers from one registered owner to another.

General

The form and text of the NHA MBS Certificate (the Certificate) are shown in [Part E, Appendix 1 – NHA MBS Certificate](#). Issuers and other participants in the Program should read and understand the provisions in the Certificate. These provisions outline the terms of Investors' rights and the terms of the CMHC Guarantee.

The NHA MBS provide for payments to be made to Investors by the Central Payor and Transfer Agent (CPTA) on the Payment Day each month.

The Issuer alone is responsible for marketing its NHA MBS in accordance with the requirements set out in this Guide. The Issuer, on its own, makes all arrangements for the sale of the NHA MBS to Investors, either directly or through securities brokers or dealers. The Issuer also makes all arrangements to receive payment for the NHA MBS it issues.

Preparation of the NHA MBS Information Circular

The Issuer is responsible for completing the NHA MBS Information Circular, [CMHC 2834](#), for an issue of NHA MBS. The Issuer should have CMHC review the prepayment provisions included in the Information Circular before printing the form.

Delivery of the NHA MBS Information Circular

No NHA MBS of any Issuer shall be sold in the primary market unless an NHA MBS Information Circular, [CMHC 2834](#), has been given to the person to whom the NHA MBS are sold or has been sent to such a person before payment of all or any part of the purchase price of the NHA MBS is received. The Issuer is responsible for delivering Information Circulars relating to all Pools to CMHC and the CPTA.

Advertising Guidelines

Advertising in any form and the issuance of statements or releases to the press are prohibited until CMHC approves the proposed advertisements, statements or releases.

NHA MBS Marketing and Trading Requirements

CMHC has established NHA MBS marketing and trading requirements intended to ensure that Issuers carry out their NHA MBS marketing and trading activities in a manner consistent with prudent business practices and according to their own and others' financial capacity. These requirements are found in [Part E, Appendix 2 – Rules on NHA MBS Marketing and Trading](#). There are three components to these requirements:

- a suitability rule;
- prudent business practice rules; and
- minimum forward delivery contract requirements relating to so-called market-to-market deposit requirements. There are also record keeping and reporting requirements.

Preparation of NHA MBS

The CPTA prepares and readies the NHA MBS for delivery in accordance with instructions provided by the Issuer on the Schedule of Subscribers and Contractual Agreement, [CMHC 2830](#). The Issuer or its designated courier can pick up NHA MBS at the offices (window) of the CPTA, where applicable.

NHA MBS may also be delivered to the Issuer in accordance with the Issuer's instructions provided on the Schedule of Subscribers and Contractual Agreement, [CMHC 2830](#).

If any officer of CMHC or the CPTA who has signed a NHA MBS instrument, either manually or in facsimile, ceases to be an officer before the NHA MBS is delivered or disposed of, the NHA MBS instrument can still be delivered or disposed of as if the person who signed it had not ceased to be an officer of CMHC or the CPTA.

Central Registry of Investors

The CPTA maintains a record of NHA MBS ownership and transfer information at one central facility. This central register is an automated system that records information on:

- new issues of NHA MBS;
- the history of NHA MBS transfers for each issue; and
- the current registered ownership of all outstanding NHA MBS.

Issuers do not need to maintain a register of Investors. Therefore, information on ownership and transfers of NHA MBS is not routinely provided to individual Issuers.

Registration, Transfer and Assignment of Certificates

Certificates may be sold and assigned and the transfer may be registered either through the form of assignment appearing on the reverse side of each Certificate, or through a form of detached assignment that is acceptable to the CPTA.

Transfers of Certificates and DCI receipts are carried out through the CPTA. Transfers of registered ownership are made by the CPTA according to instructions received from a securities dealer, a trust company, a bank or the new owner. Certificates may be presented for registration of a transfer either at the CPTA's offices (window) or by mail and the CPTA may be notified of registration of a transfer of DCI receipts.

Each Certificate or DCI receipt presented to the CPTA for transfer must be accompanied by a letter of direction that includes the following information on the Certificate forwarded for transfer:

- Pool Number;
- CUSIP number;
- number of the Certificate;
- original principal amount of the Certificate;
- exact spelling of the name in which the replacing Certificate is to be issued;
- complete address of the new Investor;
- name and telephone number of the person handling the transfer; and
- complete instructions for delivering the new Certificate.

A cheque payable to the CPTA for a transfer or replacement fee must accompany the request for each new Certificate (see the section entitled "*Fees and Charges Paid by Issuer*" in Chapter 3 of this Guide and [Part E, Appendix 6 – Fees and Charges](#)). Improper or incomplete items will be returned to the presenter and the transfer will not be registered until a correct item has been received.

The CPTA will prepare the new Certificate and either mail it or deliver it at its window according to the instructions it receives no more than two Business Days after the receipt of proper transfer instructions. In the case of the transfer of a DCI receipt, the CPTA will record the transfer in the registry.

Replacement in the Event of Loss, Theft, Destruction, Mutilation or Defacement of Certificates

If the owner needs a replacement Certificate because of loss, theft, destruction, mutilation or defacement, the owner of the Certificate must provide the CPTA with full identification of the Certificate and details of the situation reported. Also, a fixed bond of indemnity or indemnification in an amount equal to the remaining principal value of the Certificate at the time the loss is declared must be supplied to the CPTA to be held on behalf of CMHC.

The indemnification must be in a form and with such surety, sureties or security as may be required by CMHC to protect the interest of CMHC and the CPTA. Information regarding indemnification requirements may be obtained from the CPTA. CMHC and the CPTA must be named in the bond as beneficiaries. The CPTA will charge a fee for each replacement Certificate to be issued.

Loss or Theft

Report of the loss or theft of a Certificate must be made promptly to the CPTA in an Affidavit of Loss (copies of the form of affidavit may be obtained from the CPTA). The affidavit shall include:

- the name and address of the Registered Holder. If another person makes the affidavit, the capacity in which he or she represents the holder must be stated;
- the identification of the Certificate by CMHC Pool Number, Certificate number, original principal amount and the name of the Issuer, together with the exact form in which the Certificate was registered and a statement that the Certificate has not been sold, assigned, hypothecated or gifted, nor has any endorsement or any other writing on it;
- a complete description of the circumstances surrounding the loss or theft.

When the CPTA has been notified of loss or theft, it will acknowledge the receipt, make a notation on the records of the loss or theft, and will not register any further transfer of the NHA MBS. This will allow the registered owner to obtain the required bond of indemnity and other documentation.

Destruction, Mutilation or Defacement

If a Certificate is destroyed or becomes so mutilated or defaced as to impair its value to the owner, an affidavit and a bond of indemnity or other indemnification as outlined above shall be forwarded to the CPTA. All available portions of the mutilated or defaced Certificate must also be submitted. The CPTA will then arrange for the preparation of a replacement Certificate.

Issuer's Responsibilities

The Issuer must promptly notify the CPTA in the manner described above if it becomes aware of a lost, stolen, destroyed, mutilated or defaced Certificate.

Chapter 9

Pool Administration

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At a Glance

Chapter 9 describes Administration of Pools, details the authorities under which the servicing of pooled Loans must be carried out, discusses scheduled payment to Investors, and outlines why Issuers must designate and maintain a Central P & I Custodial/Trust Account for P & I collections. This Chapter summarizes the CPTA monthly debit procedures and explains Tax Custodial/Trust Accounts and summarizes the procedures for submitting monthly accounting reports, and examines monthly accounting reports. This chapter also outlines requirements and procedures to apply to CMHC for approval to transfer Custodial/Trust Accounts, servicing and other Issuer responsibilities under the NHA MBS Program. It also outlines how to carry out these transfers.

General

The Issuer shall either service the pooled Loans or arrange for them to be serviced by an NHA Approved Lender authorized to administer Loans or for Loans that are insured by Approved Private Mortgage Insurers, a Qualified Mortgage Lender authorized to administer Loans. The Issuer will make the necessary funds available for payment to the Investors according to the provisions of this Guide. Any arrangements for servicing of the pooled Loans (i.e. where an Issuer delegates servicing functions to a Servicer) must follow the requirements outlined in [Chapter 3](#) and [Chapter 5](#) of this Guide. Non-Regulated Issuers must also comply with the additional annual confirmation requirements set forth in [Chapter 3 – Issuer and Servicer Responsibilities](#). Additional servicing arrangement terms are contained in the Mortgage Pool Servicing Agreement, [CMHC 2814](#), which must be submitted to CMHC before it issues the NHA MBS.

Servicing Standards and Requirements

Subject to the provisions of this Guide, pooled Loans must be serviced according to the provisions of the NHA (including those provisions that were repealed by the amendments to the NHA effective June 17, 1999), the *National Housing Loan Regulations* (as they were prior to their repeal effective June 17, 1999), the Handbook for CMHC Approved Lenders and prudent mortgage practices in the mortgage lending industry.

The Issuer or any Servicer shall not remove a Loan from a Pool, reduce a balance on the pooled Loan or remove funds from a Custodial/Trust Account for any reason not authorized in this Guide.

The pooled Loans shall be serviced in a prudent and diligent manner. The Issuer or a Servicer will manage collections, foreclosure or other legal proceedings or remedies in a timely fashion under applicable laws and contracts and in conformity with all applicable mortgages insurance policies, rules, procedures and regulations and this Guide (in particular, see [Chapter 3](#) of this Guide).

Funds to Pay Investors

The Issuer will make available to the CPTA the funds required for the scheduled payment to the Investors each month in a timely manner.

Payments to NHA MBS Investors are made on the fifteenth (15th) of each month. If the fifteenth (15th) day of a calendar month is not a Business Day, the applicable payment date is the first Business Day after the 15th (the “Payment Date”). The Issuer is required to deposit the NHA MBS payment into the CPTA account by noon of the Business Day immediately preceding the applicable NHA MBS Payment Date. A Business Day is a day on which banks are open for business in Toronto, Ontario, other than a Saturday, Sunday or public holiday.

Timing of Remittance to the CPTA

The Issuer is required to deposit the NHA MBS payment into the CPTA account “same-day-funds” for each of its NHA MBS Pools. By 12:00 (noon) Toronto time on the Business Day immediately preceding the applicable NHA MBS Payment Date, the Issuer is to transfer to the account specified by the CPTA all funds due to the Investors and CMHC pertaining to the monthly accounting requirements. The confirmation number of the wire transfer is to be sent to the CPTA by 4:00 p.m. Toronto time on the Business Day prior to the day that the transfer is sent.

Amounts Due to Investors

The funds due in the Central P & I Account for each Pool shall equal the sum of:

- for fixed rate Pools, interest compounded semi-annually (10-digit monthly factor) at the rate of interest provided for in the NHA MBS and multiplied by the unpaid principal balance of the NHA MBS at the end of the prior reporting period. Issuers must use monthly interest rate factors compounded semi-annually at the interest face rate of the NHA MBS; **OR**
- for floating rate Pools, simple interest (10-digit monthly factor) at the rate of interest provided for in the NHA MBS and multiplied by the unpaid principal balance of the NHA MBS at the end of the prior reporting period. Issuers must use the number of days in the reporting month divided by 365 in determining the interest to be paid; **PLUS**
- expected principal payments due on the pooled Loans; **PLUS**
- unscheduled recoveries of principal, including all unscheduled recoveries of principal on the Loans received up to the monthly reporting cut-off date, including additional principal payments, liquidations and indemnities paid by expropriating authorities or insurers covering the destruction of the improvements. Early payments may also occur where the borrower pays all principal and interest in full due to the end of the term as well as in circumstances where the Loan goes into default or when the property is sold and the lender exercises a due on sale clause. All these payments must be made available to the CPTA in the Issuer’s Central P & I Custodial/Trust Account in the month following the reporting month in which the payment is received. Any unscheduled recoveries of principal

that occur after the reporting cut-off date, within a given month, will be paid through and reported in the following accounting period. The Issuer shall further adjust the amount made available from its own funds to remit to the Investors any principal that remains unrecovered after the withdrawal from a Pool of a defective Loan or after any other liquidation or other disposition of Loans. These adjustments from the Issuer's own funds constitute unscheduled recoveries of principal; **PLUS**

- the full amount of interest penalties or indemnifications due to Investors as set out in the NHA MBS Information Circular, [CMHC 2834](#).

Obligation to Make Advances

Each Issuer shall establish and maintain controls that allow the Issuer to determine accurately whether it will have collected and have sufficient funds available for timely remittance to the CPTA.

If the Issuer finds that it will not have enough funds available, the Issuer must either make sufficient advances from its own funds or must make a timely request to CMHC that it advance sufficient funds to the CPTA. The Issuer will be considered in default if CMHC has to advance funds.

Use of Excess Funds to Cover Shortfalls in Loan Collections

The Issuer may use excess funds attributable to one or more Pools to cover deficiencies, instead of advancing new funds, to transfer to the CPTA the amount needed to pay Investors, as required in this section. Excess funds, for this purpose, are:

- interest collected on account of a Pool of Loans that is greater than the sum of interest payable on the NHA MBS based on that Pool;
- where specifically approved by CMHC, a proportion of the P & I amounts collected on account of the pooled Loans that is payable to the Issuer where it remains the owner of NHA MBS based on that Pool;
- any part of the reserves built up by the Issuer in its Custodial/Trust Accounts for whatever purpose that are not required to be paid out for another purpose in the month; and
- interest accrued on any of these amounts.

Excess funds do not include unscheduled recoveries of principal on Loans and related penalties or indemnities that will form part of the remittance to Investors in the following month, nor any early receipts of scheduled P & I.

Establishment and Maintenance of Central P & I Account

Each Issuer must designate and maintain an account as its single Central P & I Custodial/Trust Account. The Issuer must submit a Central Clearing House Debit Authorization, [CMHC 2808](#) that authorizes the CPTA to debit this account monthly if required. The account may be opened and maintained by the Issuer in its own institution or with another deposit-taking institution, provided the account is insured under the Canada Deposit Insurance Corporation or an equivalent provincial deposit insurance agency. The account must be labelled “in trust for CMHC” or “ITF CMHC”.

The depository institution must be a member of Payments Canada. The CPTA must be able to debit the Central P & I Account instantly. The account may be one of the Issuer's P & I Custodial/Trust Accounts or a separate account. In either case, it must have been established using a Letter Agreement for Issuer's P & I Custodial/Trust Account, [CMHC 2806](#). All deposits made in such account shall be subject to withdrawal by the Canada Mortgage and Housing Corporation. Except for the Central Payor and Transfer Agent, no other agent or any party shall be authorized to withdraw funds from the account.

The Issuer must deposit, in the Central P & I Account, “same-day-funds” for each of its Pools equal to the amounts needed by the CPTA to pay Investors. These deposits must be made no later than the date and time each month specified in [Timing of Remittance to the CPTA](#).

Issuers that are Regulated Institutions are required to deposit a float amount in the Central P & I Account if their arrears ratio (based on residential mortgage Loans reported three or more months in arrears) reaches or exceeds 2%. This float amount, which is in addition to any other float amount that the Issuer is responsible for (as set forth below) is calculated by multiplying the Issuer's prior month's total arrears rate (based on residential mortgage loans reported one or more months in arrears) by the previous month's scheduled principal payments (including maturities) and NHA MBS coupon payments, for all pools.

The Issuer must deposit the required float no later than the 3rd Business Day of the month following the month in which the reported arrears ratio reaches or exceeds 2%. The Issuer may only withdraw this float amount after its arrears rate falls below 2% for two (2) consecutive months. For as long as the float amount is required, the Issuer must, on a monthly basis, provide CMHC with an independent auditor's report confirming compliance with this policy.

Non-Regulated Issuers must at all times maintain a float amount in their Central P & I Custodial/Trust Account that, during the first year they are approved as an Issuer, is equivalent to 1% of the previous month's scheduled principal payments (including maturities) and the NHA MBS coupon payments for all applicable pools. In subsequent years, this float amount shall be calculated by multiplying the Issuer's prior month's total arrears rate (based on residential mortgage Loans reported one or more months in arrears) by the previous month's scheduled principal payments (including maturities) and NHA MBS coupon payments, for all pools.

In case of a float amount deficiency in their Central P & I Custodial/Trust Account, the Issuers must ensure that the float amount is brought to compliance by 12:00 (noon) Toronto time on the Business Day immediately preceding the NHA MBS Payment Date.

The Issuer shall make withdrawals from a Central P & I Account only to remove the float amount, as applicable, or to remove amounts deposited in that account by mistake.

Establishment and Maintenance of P & I Custodial/Trust Account – Collections

The Issuer must establish and maintain a P & I Custodial/Trust Account using Letter Agreement for Issuer's P & I Custodial/Trust Account, [CMHC 2806](#), for the Loans in each Pool. The account may be drawn upon by the Issuer and by CMHC. The account may be opened and maintained by the Issuer in its own institution or with another deposit-taking institution as long as the account is insured under the Canada Deposit Insurance Corporation or an equivalent provincial deposit insuring agency. The P & I Custodial/Trust Account may be an interest bearing account. All deposits made in such account shall be subject to withdrawal by the Canada Mortgage and Housing Corporation. Except for the Central Payor and Transfer Agent, no other agent or any party shall be authorized to withdraw funds from the account. The account must be labelled "in trust for CMHC" or "ITF CMHC".

The Issuer shall on a daily basis deposit and retain in this account all interest and principal collected on account of the pooled Loans, including any penalties. Liquidations and prepayments and other recoveries of principal, advances made by the Issuer or CMHC and repayments of previously withdrawn excess funds (as defined in this chapter) must also be deposited in this account. At the end of the third full Business Day of the month, the amount in the P & I Custodial/Trust Account must be greater than or equal to the sum of (i) the amount due to Investors on the next monthly payment date, (ii) any amounts collected in that month and due to Investors in the following reporting period and (iii) any applicable float amount. In the event such funds are less than the foregoing sum, Issuers are required to deposit sufficient funds such that the balance of the P & I account equals the sum of the amount due to investors on the next monthly payment date plus any amounts collected in that month and due to investors in the following reporting period, and any applicable float amount. The use of separate clearing accounts to receive funds is permitted as long as those accounts are cleared daily to the P & I Custodial/Trust Account. Overdrafts in any of the P & I Custodial/Trust Accounts are not permitted under any circumstances.

In addition to the foregoing requirement to ensure sufficient funds are deposited to the P&I Custodial/Trust Account by the end of the third full Business Day of the month, any Issuers who are unable to deposit on a daily basis to the P&I Custodial/Trust Account all interest and principal (including penalties) collected on account of the pooled Loans must also maintain an additional dollar amount in the P & I Custodial/Trust Account at all times to cover deposits of unscheduled principal prepayments (UPP). This additional UPP float amount requirement does not apply if amounts collected are deposited to the Custodial/Trust Account daily.

The additional dollar amount (UPP float) that must be maintained throughout the calendar year is calculated by applying the formula detailed in [Appendix 7: Mortgage Formulas and Accounting Conventions](#).

This amount is to be reviewed and revised annually by the Issuer and is an item examined as part of the Issuer's Agreed Upon Procedures Report. When the calculated UPP float amount increases from the previous year, the Issuers must ensure that the additional UPP float amount is added to their P & I Custodial/Trust Account by 12:00 noon Toronto time on the Business Day immediately preceding the NHA MBS Payment Date in January of each year. Notwithstanding the above, Loan payments and unscheduled prepayments collected on account of Loans that back Pools issued by Non-Regulated Issuers must be cleared to the P & I Custodial/Trust Account on a daily basis.

The Issuer will only withdraw funds from the P & I Custodial/Trust Account for the following purposes:

- To transfer funds to the Central P & I Account so that the CPTA can pay Investors.
- To reinvest funds in short-term government T-Bills or bonds, Purchase and Resale Agreements with the Bank of Canada, comparable grade provincial or federal debt instruments, or Bankers' Acceptances.
- The Issuer must invest the funds on behalf of the P & I Custodial/Trust Account and mature sufficient investments by 12:00 noon Toronto time of the Business Day immediately preceding the applicable NHA MBS Payment Date to make sure funds are available for the CPTA.
- To reimburse itself or CMHC for any advances used to make timely payments on NHA MBS. This reimbursement, in the case of each advance, shall be for interest and principal advanced and only from related collections or other recoveries of interest and principal that are received separately from or on account of the same Pool.
- To reimburse itself or CMHC for the amount greater than any advance over and above the amount needed for the purpose of the advance.
- To use excess funds (as described in this Chapter) instead of using the Issuer's own funds to cover deficiencies in other Pools using the same P & I Custodial/Trust Account.
- To withdraw any portions of instalments deposited in the account and collected on the pooled Loans for the payment of late charges or the removal of any other amounts deposited temporarily through error or otherwise.
- To compensate itself for servicing the pooled Loans or to recover all or any part of any interest differential, including reinvestment interest, between the inflow of interest funds derived from the Loans and the outflow of interest funds to Investors. For greater clarity, compensation for servicing and recovery of any interest differential for a given report month shall only occur after the Issuer has transferred to the CPTA all funds due to the Investors.
- To clear and terminate the Custodial/Trust Account at the maturity or termination of the issue of NHA MBS and of the Pool, or at such time as CMHC approves a transfer of the funds on deposit to a substitute P & I Custodial/Trust Account.

For each Pool, P & I collected on account of the pooled Loans must be deposited into a single P & I Custodial/Trust Account. This account may contain funds for more than one Pool as long as each one is accounted for separately.

CPTA Payment Procedure (Funding Date)

General – On the Funding Date of each month, the Issuer must have “same-day-funds” for each of its Pools deposited in the Central P & I Account. The deposit must be sufficient to cover interest and principal due on its NHA MBS. The Issuer debits the account on the Funding Date of each month and wires the funds to the account specified by the CPTA in amounts necessary to pay the Investors

Custodial/Trust Account Verification – The Issuer must arrange with the CPTA for a verification before the first regular monthly payment of any Central P & I Account. This must be conducted before the first calendar day of the month in which the first regular monthly payment will occur for the specific account. The Issuer will provide the account name and transit information to the CPTA to verify that the account is properly established. The verification can be arranged by contacting the CPTA.

For the timing of monthly remittance to the CPTA please refer to the section “[Timing of Remittance to the CPTA](#)” detailed here below.

Amount of monthly debits – The CPTA anticipates receipt of a single amount covering all the Issuer’s Pools on the Funding Date of each month. This amount consists of the total P & I due Investors including indemnities with respect to all Pools. The CPTA calculates the amount of P & I for each debit based on the information provided by the Issuer in the Issuer’s Monthly Accounting Report, [CMHC 2840](#), and confirms the amount with the Issuer prior to the Funding Date.

Establishment and Maintenance of Tax Custodial/Trust Accounts

The Issuer shall establish and maintain a Tax Custodial/Trust Account using a Letter Agreement for Issuer’s Tax Custodial/Trust Account, [CMHC 2832](#), for Loans in any Pool secured by multi-unit projects – i.e., 965, 966, 990 Pool types – if the Issuer or the engaged Servicer is collecting taxes on behalf of the borrower(s) and they require deposits of monthly instalments for property taxes. The account may be drawn on by the Issuer and CMHC (and Servicer, if any). The Issuer may establish the Tax Custodial/Trust Account in its own institution or with another deposit-taking institution as long as the institution where the account is held is insured under the Canada Deposit Insurance Corporation or equivalent provincial deposit insuring agency. CMHC may consider other arrangements as long as it has full access to the account and is satisfied that its interests are protected. All deposits made in such account shall be subject to withdrawal by the Canada Mortgage and Housing Corporation. Except for the Central Payor and Transfer Agent, no other agent or any party shall be authorized to withdraw funds from the account. The account must be labelled “in trust for CMHC” or “ITF CMHC”.

The Issuer or Servicer shall deposit and retain in this account all collections for taxes, assessments or comparable items on account of the pooled Loans. The Issuer may provide a letter of credit or other acceptable form of security instead of a Tax Custodial/Trust Account. These must be payable to CMHC for an amount equalling 50% of the annual property taxes payable for the pooled Loans on which the Issuer collects property taxes. The security must be deposited with the Custodian.

The Issuer or Servicer shall make withdrawals from the Tax Custodial/Trust Accounts only to make timely payment of mortgagors’ taxes, assessments or comparable items. The Issuer may also make withdrawals to clear and terminate the Custodial/Trust Account(s) at the termination of the Pool and of the issue of NHA MBS or whenever CMHC may approve a transfer of the funds on deposit to a substitute Tax Custodial/Trust Account.

Issuers may deposit tax funds in interest-bearing accounts. The disposition of any earnings must be carried out according to the requirements of the Loans and according to any other requirements of provincial and federal laws and regulations.

Transfer of P & I or Tax Custodial/Trust Accounts

P & I and Tax Custodial/Trust Accounts may be transferred from one institution to another or may be consolidated into one (1) P & I account and one (1) tax account as long as the transfer receives CMHC's prior written approval. To request written approval for a transfer of Custodial/Trust funds, either to a new institution or to a different account in the same institution, the Issuer must make a submission to CMHC for each Pool that will be affected by the transfer:

- for the P & I Custodial/Trust Account, a new Letter Agreement for Issuer's P & I Custodial/Trust Account, [CMHC 2806](#), which covers each affected Pool; and
- for the Tax Account, a new Letter Agreement for Issuer's Tax Custodial/Trust Account, [CMHC 2832](#), which covers each affected Pool.

If accounts are consolidated, only one new form needs to be executed for any one account as long as all of the affected Pool Numbers are clearly listed and incorporated in the letter agreement. Issuers must submit revised forms for P & I or Tax Custodial/Trust Account changes for Issuer Pools to CMHC and CPTA.

The Issuer must receive prior written approval from CMHC to transfer a P & I or Tax Custodial/Trust Account.

Transfer of Central P & I Accounts

The Central P & I Account may be transferred from one institution to another as long as the new institution meets the requirements specified in Chapter 2. The transfer must also receive CMHC's prior written approval and the steps indicated below must be followed:

Request Approval of Transfer

The Issuer must submit to CMHC a new Central Clearing House Debit Authorization, [CMHC 2808](#), covering all Pools for which the Issuer is responsible along with the reason of such transfer in order to request written approval for a transfer.

If the new Central P & I Account is an account not previously established and reported to CMHC, then a new Letter Agreement for Issuer's P & I Custodial/Trust Account, [CMHC 2806](#), covering all Pools must also accompany the request. The request must be received by CMHC no later than the first calendar day of the month before the month in which the new account will first be debited.

P & I Account Control

It is clearly understood that CMHC must have control over the account as per the agreement with the Issuer in the event of Issuer default.

The Issuer must receive prior written approval from CMHC to transfer a P & I or Tax Custodial/Trust Account.

Monthly Accounting Reports

Each Issuer must submit monthly to the CPTA the Issuer's Monthly Accounting Report, [CMHC 2840](#), for every Pool. This report contains a liquidation schedule and a substitution schedule, both of which must be completed and submitted for each NHA-insured Loan replaced in the Pool.

For collateral mortgage Pools (i.e., 867, 880, 881, 885 and 886 Pool types), Issuers must also provide CMHC and the CPTA with a schedule listing the pooled Loans that are reported 90 days in arrears.

Issuers must report Pool information for each Pool on a monthly basis according to the completion procedures contained in the Issuer's Monthly Accounting Report, [CMHC 2840](#). A reporting cut-off date between the 25th and the last day of the month must be established for the accounting report. This report must be sent by the Issuer and received by the CPTA no later than the third Business Day of the month following the reporting month.

Records

The Issuer must be able to produce at any time, for all pooled Loans, an accounting that identifies the CMHC Pool Number for each listed Loan. It must also have the capability to provide the following documents: a transcript itemizing, in chronological order, the monthly instalment due dates for each Loan; the amount and date of each collection, disbursement, advance, adjustment or other transaction affecting the amounts due from or to the Loan borrower(s)/debtor(s); and the latest outstanding balances of principal, deposits, advances and unapplied payments. The accounts and records relating to the pooled Loans must be maintained according to sound accounting practices and in a manner that will permit CMHC's representatives to examine and audit these accounts and records at any reasonable time.

Further, the Issuer shall establish and maintain records of advances made into the Custodial/Trust Accounts to indicate:

- the use made of advances for payments required on NHA MBS, including their allocation as between interest and principal on such NHA MBS;
- the pooled Loans with respect to which advances are made; and
- recoveries and losses of advances made to such Loans, including their allocation between interest and principal.

Maturity or Termination of Pool and NHA MBS

Maturity

An issue of NHA MBS matures on the stated maturity dates of the NHA MBS or on the last maturity date of an underlying pooled Loan, whichever is earlier. If the last maturing pooled Loan matures on a day other than the first of the month, the maturity date of the issue is the first of the following month. Any Loans maturing in tranches prior to the maturity date of the Pool must be forecast and passed through as maturing principal.

Example: Loans maturing Oct. 1, Nov. 1, Dec. 1
Pool maturing Dec. 1

October 1 maturing principal to be passed-through to Investors is included in the September accounting report. Scheduled payments are accounted from the second day of the month, and such accounting period includes the first day of the following month.

Termination

A Pool and the corresponding NHA MBS may be terminated at any time before the final maturity date of the NHA MBS as described in the previous paragraph as long as the Issuer and all Investors of the outstanding NHA MBS have entered into a written agreement requesting this termination. No Pool may be terminated as a result of the Issuer's unilaterally prepaying principal amounts on the NHA MBS in excess of the scheduled or received payments of the mortgagors. The CMHC Guarantee will be void upon formal notification to CMHC accompanied by satisfactory evidence that all parties involved in the termination agreement have concurred. All outstanding Certificates pertaining to this termination must be returned to the CPTA for cancellation before the Custodian will be allowed to release the documents relating to the pooled mortgages.

Surrender and Cancellation of Certificates and DCI Receipts

At maturity, early maturity or termination of a Pool, all outstanding Certificates and DCI Receipts must be surrendered to the CPTA for cancellation, before the final disbursement of principal and interest to Investors. Payments for unsurrendered Certificates or uncanceled DCI receipts will be retained by the CPTA until it receives the Certificates or instructions, as the case may be. Investors will receive only the amount owing on any Certificate or any DCI receipt at maturity date regardless of the actual date of surrender and cancellation of the Certificate or cancellation of the DCI receipt.

Audit and Examinations

CMHC or its agent will have the right to examine and audit, at any reasonable time, any and all records of any Issuer, any Custodian or any agent or Servicer of the Issuer bearing on its NHA MBS Guarantee. These records may be in the form of microfilm, electronic format or other form of documentation acceptable to CMHC.

Without limiting the foregoing, CMHC shall have the right, without prior notice to the Issuer, to perform or arrange for an audit of the Issuer's compliance with the provisions of this Guide and of the accuracy of the Issuer's Monthly Accounting Report, [CMHC 2840](#). This audit can take place for the first time during the first year after an Issuer issues NHA MBS under the Program and periodically thereafter.

Chapter 10

Default of the Issuer

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At a Glance

This chapter describes the circumstances under which an Issuer will be considered in default of the terms and conditions of the contract between the Issuer and CMHC as outlined in this Guide. This chapter also describes CMHC's rights and obligations in the event of default.

Events of Default

Each of the following occurrences constitutes an "event of default" as of the time indicated.

1. Any failure by an Issuer to make timely payment under an NHA MBS. For the purposes of this Guide, failure to make a timely payment on an NHA MBS includes, but is not limited to:
 - any failure by an Issuer to have funds in its Central P & I Account before each scheduled monthly transaction under [Chapter 9: Administration of Pools, Section: Funds to Pay Investors](#). The funds must be in an amount equal to the scheduled debits for the given month. The amount of the scheduled debits for any given month is the total of all P & I payments due to Investors for all Pools against which the Issuer has issued NHA MBS. Default shall be as of the scheduled date of the transaction.
 - any failure by an Issuer to make any payment when and as required under the Program. Default shall be as of the date of such required payment.

2. Any failure by an Issuer in any month to report accurate monthly accounting data on a timely basis for any Pool backing NHA MBS of the Issuer. Default shall be as of the date of written notice consequently given to the Issuer by CMHC.
3. Any impending or actual insolvency on the part of the Issuer as shown by but not limited to:
 - the commencement of a dissolution or insolvency proceeding involving the Issuer;
 - the appointment of a trustee or other similar court officer, or the taking of control or possession by such officer of the Issuer's business, in whole or in part, before the commencement of a dissolution proceeding or a case in bankruptcy;
 - a general assignment by the Issuer for the benefit of any of its creditors;
 - the Issuer's general failure, the inability or the written admission to pay its debts as they become due; or
 - the failure of the Issuer to meet CMHC's required net worth or enhanced required net worth requirements (as applicable).

Default shall be as of the date of occurrence without prior notice given to the Issuer by CMHC.

4. Any other change in the business status of an Issuer, which is considered by CMHC to materially adversely affect the liability or rights of CMHC as NHA MBS Guarantor or under the terms of this Guide. Default shall be as of the date of written notice thereof given to the Issuer by CMHC.
5. Any failure by an Issuer to meet any of the other terms and provisions of this Guide, as it is in effect on the Issue Date of the NHA MBS or as amended according to Amendment in [Chapter 10](#), shall result in default if such failure continues for 30 days after the date of written notice given to the Issuer by CMHC.

CMHC's Rights

All rights and remedies provided below or elsewhere in this Guide, or otherwise provided by law, are cumulative. No delay or omission by CMHC in insisting on the strict performance of any provisions of this Guide or any ancillary documents, or in exercising any right or remedy, will be construed as a waiver or relinquishment of its or Investors' rights. If any default occurs with respect to any Issuer, CMHC may exercise any of the following remedies or any combination thereof with respect to the Issuer.

When an Issuer default occurs

- Unless CMHC at its discretion determines that such course of action is precluded by circumstances, CMHC may, but shall not be obligated to, confer with the Issuer about remedying and correcting the default. Any arrangement mutually agreed upon will be set out and signed by CMHC and the Issuer in written contractual form and will supplement the existing contract.
- CMHC may enforce the assignments to CMHC of the mortgages included in all the Pools backing the NHA MBS issued by the Issuer in accordance with the Master Transfer Agreements ([CMHC 2835](#), [2835 \(TC\)](#), [2836](#) and [2836 \(TC\)](#)). CMHC may do this without prior notice to the Issuer. CMHC does not require any further action to take these steps.
- If CMHC takes the action described above, it will refuse further approvals to the Issuer to issue NHA MBS for a period of at least three (3) years from the date of default. CMHC shall also suspend and revoke any approvals to guarantee any NHA MBS to be issued by the Issuer.

- Regardless of whether any action is taken as described in this section, CMHC will be entitled to reimbursement from the Issuer upon demand for the amount of any advances made to pay Investors, to pay legal, registration or enforcement costs, to pay service providers, and to pay CMHC fees, including NHA MBS Guarantee fees. As well, if the Issuer fails to have sufficient “same-day-funds” in its Central P & I Account on the date required under [Funds to Pay Investors in Chapter 9](#), or fails to wire sufficient funds to the designated CPTA account, CMHC will be entitled to interest on the amount of any such shortfall, from such date through the date such amount is reimbursed to CMHC, at the Bank of Canada rate plus three (3) percentage points.
- CMHC will be entitled to pay for or recover all advances made, fees, interest and other costs that may be incurred, as well as the applicable CMHC fees on NHA MBS (including NHA MBS for which an NHA MBS Guarantee fee had not yet been charged or collected) from any amounts collectable or realized in respect of the Loans and not required to be remitted to Investors, including from the spread comprising the difference between what is required to be paid to the Investors and what is paid on the Loans.
- While the Issuer is not entitled to any amounts in respect of the Pools if it is not in good standing and is in default under the NHA MBS Program, any excess spread may be made available to the defaulted Issuer on terms agreed to with the regulators of the Issuer.
- The Issuer is not permitted to transfer any of its obligations or benefits under the Program (including the benefit of any excess spread received) to any third party without specific CMHC approval in writing.

Following a [default](#), the Issuer cannot issue NHA MBS for a period of three (3) years.

When CMHC Decides to Enforce the Assignments

- All the Issuer’s authority and power will expire with respect to the administration and servicing of the Pools under the terms of this Guide or any other commitment or agreement between CMHC and the Issuer concerning the NHA MBS issued under the NHA MBS Program or the Loans pooled thereunder or otherwise. The Issuer’s authority to make withdrawals from the related Custodial/Trust Accounts and its rights with respect to servicing the Loans, including the right to any amount in respect of the servicing, shall also terminate and expire without limitation. However, on request by CMHC, the Issuer will continue for a reasonable time to render CMHC the fullest assistance practicable to further the orderly removal of the Issuer from, and the continuation otherwise of, the servicing of the Loans and the NHA MBS Pools in accordance with their terms.
- All authority and power of the Issuer under the terms of this Guide, whether with respect to the NHA MBS issued or the Loans pooled, shall pass to and be vested in CMHC. Without limitation, CMHC is authorized to execute and deliver, on behalf of the Issuer and any Registered Holder of pooled mortgages, as attorney in fact or otherwise, any and all instruments. CMHC is also authorized to perform all other acts incidental, necessary or appropriate to enforce the transfer.
- At any time, CMHC may enter into an agreement with an institution approved by CMHC as an eligible Issuer to replace the defaulted Issuer. No such agreement will detract from or diminish the responsibilities, duties or liabilities of CMHC in its capacity as guarantor or otherwise adversely affect the rights of Investors in NHA MBS issued under this contract.
- Any related contract between the Issuer and any third party will continue in full force and effect unless and until terminated by CMHC. At CMHC’s discretion, such contracts can be modified only by the removal of the Issuer (or a replacement Issuer) and substitution of CMHC (or its nominee) as outlined in this chapter. At the time of enforcing the assignments, CMHC will have discretion in determining whether and when contracts with any third parties are to be terminated.

- CMHC is authorized to prepare, sign and deliver on behalf of and as attorney for the Issuer and any Registered Holder of pooled mortgages, assignments and transfers to CMHC of all rights and interests that the Issuer and any Registered Holder of pooled mortgages had at the Issue Date or acquired at a later date in or under any of the documents relating to the mortgages in the Pool, including:
 - the mortgagee’s interest in the Loan insurance policies;
 - the report on title or the mortgagee’s interest in title insurance relied upon for the mortgages;
 - the mortgagee’s interest in indemnity against fire and other insurable perils; and
 - any other additional security ordinarily obtained by a prudent lender in connection with the mortgage.

Restrictions on and Termination of Issuer Authority

CMHC may terminate an Issuer’s authority to act as an Approved Issuer, to administer Pools and/or to further issue NHA MBS, if CMHC, in its sole discretion, determines that an Issuer is in breach of or has defaulted under the terms and conditions applicable to it as an NHA MBS Issuer.

CMHC has sole discretion regarding the Issuer’s authorities under the NHA MBS Program and may impose restrictions on or terminate those authorities at any time. CMHC reserves the right to have the Issuer re-demonstrate at any time that it continues to meet the approval requirements.

Chapter 11

General Provisions

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At a Glance

The terms and provisions of this Guide, each NHA MBS Certificate and each NHA MBS Information Circular form the contracts between CMHC, each Issuer and investors. This chapter sets out certain general provisions.

Formation of the Contract

Issuance and sale of NHA MBS that carry the CMHC Guarantee and the completion and execution of the forms, including the Schedule of Subscribers and Contractual Agreement, [CMHC 2830](#), and documents contemplated under the NHA MBS Guide establish the contracts between the parties. The Loans subject to the contract are identified through an electronic data submission to the Custodian, and the total principal amount thereof is reflected in the Pool Total field in the Schedule of Pooled Mortgages, [CMHC 2824](#).

Nothing expressed or implied in this Guide shall give any benefit or any legal or equitable right, remedy or claim to any person other than the CPTA, CMHC and each Issuer. The only exception is that the provisions contained below in section *CMHC's Representations, Warranties and Obligations to Investors*, and the Issuer's NHA MBS Certificates and NHA MBS Information Circulars shall inure to the benefit and advantage of all Investors as provided in that section below.

Issuer's Representations and Warranties

Each Issuer of NHA MBS represents and warrants, as of the Issue Date of the respective NHA MBS that:

- the Issuer is and will remain in compliance with all Issuer eligibility requirements provided under this Guide;
- all Loans included in each Pool submitted to CMHC or its agent for processing in respect of an issue of NHA MBS are, and will be, in compliance with all eligibility requirements provided under this Guide;
- the Issuer is and will remain in compliance with all other conditions, obligations, restrictions and requirements contained in this Guide and as it may be amended from time to time according to the Amendment at the end of this chapter or in any related Certificate, agreement, form or other document;
- the Issuer is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation; that the issuance of the NHA MBS, the performance by the Issuer of all provisions in this Guide and the consummation of the transactions contemplated hereby have been duly and validly authorized; that this Guide constitutes the Issuer's valid, binding and enforceable obligations; and that the Issuer has taken all requisite corporate actions to make the provisions of this Guide valid and binding upon the Issuer in accordance with its terms;
- there are no actions, suits or proceedings pending (nor, to the knowledge of the Issuer, are any actions, suits or proceedings threatened) against or affecting the Issuer or any of the pooled Loans that, either individually or in the aggregate, would restrict the Issuer's ability to perform its obligations under this Guide; and
- the consummation of the transactions contemplated by this Guide are in the ordinary course of business of the Issuer and will not result in the breach of any term or provision of the charter or by-laws of the Issuer or result in the breach of any term or provision of, or conflict with or constitute a default under or result in the acceleration of any obligation under, any agreement or other instrument to which the Issuer or its property is subject, or result in the violation of any law, rule, regulation, order, judgment or decree to which the Issuer or its property is subject.

CMHC's Representations, Warranties and Obligations to Investors

The NHA MBS Guarantee provided by CMHC as agent of His Majesty in right of Canada in relation to each of the NHA MBS issued under the Program, pursuant to section 14 of the *National Housing Act*, guarantees to the Investors the timely payment of the P & I set forth in the Certificate. The CMHC Guarantee is subject only to the terms and conditions in the NHA MBS Certificates.

CMHC represents and warrants that it has full power and authority to provide the CMHC Guarantee of timely payment. In the event of any failure, delay or default under the terms of the Certificate, while the Issuer remains directly responsible and liable for such failure, delay or default, the Investor has the option of recourse to CMHC and His Majesty in right of Canada, as provided in the CMHC Guarantee of timely payment set out on the face of the Certificate, without having to first or jointly claim against the Issuer.

CMHC, as agent for His Majesty in right of Canada, represents and warrants that it will not contest or defend against a demand by Investors for the timely payment of the amount outlined in and provided for in, and unpaid on, any NHA MBS duly and validly issued with the CMHC Guarantee if it faces any legal action or proceeding or otherwise, and renounces any right to do so (including any benefit of discussion available under the *Civil Code* of Quebec). CMHC will notify the Issuer of a claim or payment to be made under the NHA MBS Guarantee and will make payment on it on a timely basis.

The Issuer is liable for timely payment of principal and interest to Investors on the Loans in a Pool sold to such Investors. For that purpose, the amounts due under the Loans include all the principal sums outstanding, interest accruing and other payments or recoveries due or made on such Loans on and after the date of issue of the NHA MBS. All those assets and income after that date belong to the Investors. The Issuer shall pursue all collections and recoveries to be made on these Loans. The Issuer shall otherwise conform and comply with all the terms and provisions of this Guide, with due diligence and according to the Mortgage Pool Servicing Agreement, CMHC 2814, signed by the Issuer and with generally accepted loan servicing practices and with applicable laws and standards.

All the Loans (as well as their proceeds and related security) in the Pool have been assigned by the Issuer to CMHC, as trustee on behalf of Investors. CMHC, as agent for His Majesty in right of Canada, by the NHA MBS Guarantee set out on the face of the Certificate, guarantees to the Investor that the amounts due on the Certificate will be remitted to the Investor on their due dates even if the corresponding amounts have not been paid and collected in respect of the Pool.

The Investor, in purchasing an ownership interest in the Pool, agrees to CMHC acting as its trustee with respect to the holding of ownership in the Loans and related security and in the enforcement of any rights against the Issuer. If and when payment is made under the CMHC Guarantee to the Investor such trust shall terminate and CMHC will no longer hold such ownership in the Loans and related security and in the enforcement of any rights against the Issuer as trustee on behalf of Investors. Instead such ownership shall be solely CMHC's in its own right, as agent of His Majesty in right of Canada, as guarantor, and all Investors' rights against the Issuer will be subrogated to CMHC.

CMHC will be entitled to reimbursement for any sums due to the Investors that it has had to pay as a result of the default of the Issuer and of its necessary performance under the terms of its CMHC Guarantee given to the Investors.

This section shall inure to the benefit and advantage of all Investors in NHA MBS issued under this Guide, subject to and in accordance with the terms and provisions outlined in this Guide. Nothing stated in this Guide will limit or detract from the rights of such Investors outlined and provided for in the NHA MBS.

Term of Contract

As between CMHC and each respective Issuer, and with respect to any issuance of NHA MBS under this Guide, the contract encompassed in this Guide shall continue in existence and effect until payment in full to the Investors of all amounts owed with respect to the NHA MBS or until written consent for cancellation thereof is obtained from all the owners of the NHA MBS as may be outstanding and not paid in full, and, in either event, until CMHC has been validly released from all liability and responsibility under this Guide and under all the foregoing NHA MBS by reason of its CMHC Guarantee of such NHA MBS or otherwise, and has received or recovered any and all amounts owed to it under the provisions of this Guide.

Notices

Notice, demand or request to His Majesty in right of Canada or CMHC or any Issuer in any case arising under this Guide, or required by the terms and provisions required by law, will be in writing. They may be served in person or by registered mail with postage prepaid and addressed to the party to whom such notice, demand or request is directed.

Assignment

The contract encompassed in this Guide between CMHC and any Issuer may not be voluntarily assigned or otherwise transferred, in whole or in part, by the Issuer, except as provided in [Transfer of Issuer Responsibility in Chapter 4](#). When assigned or otherwise transferred according to this section, the contract governed by this Guide and all its terms and provisions shall inure to the benefit of and shall be binding upon the successors and assigns of the Issuer.

Amendment

This Guide and the rights and obligations under the NHA MBS Program are subject to the NHA, any regulations thereunder, and any conditions imposed by the Minister of Finance (Canada), as amended from time to time.

CMHC may also amend this Guide from time to time at its sole discretion and without the consent of any Issuer. CMHC will publish notice of any amendment according to procedures established by CMHC. As between CMHC and each Issuer, any such amendment will be effective on the effective date determined by CMHC, as long as such amendment constitutes a change that does not adversely affect the rights of Investors. Where any such amendment would constitute a change that adversely affects the rights of Investors, CMHC will limit the applicability of such amendment to NHA MBS that have an Issue Date following the effective date of such amendment. CMHC may also limit the applicability of any amendment it makes to NHA MBS that have an Issue Date following the effective date of the amendment where such amendment would substantially increase the obligations of Issuers.

Miscellaneous

Other reports – The Issuer will provide to CMHC upon request during the life of any Pool any information that is necessary, reasonable or appropriate in respect to CMHC in its capacity as Guarantor.

Part D

Forms

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At a Glance







Please note that the CMHC Forms are an integral part of the NHA MBS Guide and must be read in conjunction with the Guide. The CMHC Forms are a mandatory obligation of Issuers to complete as necessary, and can be found on the [CMHC website](#) or accessed individually by clicking on each Form listed below.

Accessing and Distribution of Forms





All CMHC forms that are required to be submitted upon the application for participation in the NHA MBS Program and upon every issuance of NHA MBS, shall be submitted in electronic format. In addition, original copies with wet ink manual signatures of the documents listed under Wet Ink Original Documents below shall be provided to the Custodian. For greater clarity, electronic format means a document that is submitted in PDF and executed with a replica signature, or a scanned copy of an original document signed in wet ink.

Issuers can find all of the NHA MBS Forms on our website here: <https://www.cmhc-schl.gc.ca/en/professionals/project-funding-and-mortgage-financing/securitization/nha-mbs/updated-nha-mbs-forms>



The list below details the documents required to be prepared, executed, delivered and retained by the parties and the sequence in which they flow. Copies to CMHC shall be submitted in electronic format through the CMHC Securitization Portal. For documents listed under Wet Ink Original Documents below, the number of original manually signed copies with wet ink signature of such documents indicated below shall be sent by the Issuer to the Custodian for storage including the original copy that corresponds to CMHC. Click the form name below to access the form and completion instructions:

Form	Name	Distribution of Forms	Additional Instructions
1 CMHC 2802 	Application for Participation as an NHA Mortgage-Backed Securities Issuer	<ul style="list-style-type: none"> 1 original or electronic copy prepared and retained by the Issuer; 1 electronic copy sent to CMHC through the CMHC Securitization Portal. 	Key Employees Senior officers dealing with NHA MBS authorized to sign documentation and to be contacted to answer questions or resolve problems.
2 CMHC 2804 	Resolution of Board of Directors	<ul style="list-style-type: none"> 1 original or electronic copy prepared and retained by the Issuer; 1 electronic copy sent to CMHC through the CMHC Securitization Portal, 1 electronic copy sent to the CPTA and 1 electronic copy sent to Custodian. 	
3 CMHC 2805 	Certificate of Incumbency	<ul style="list-style-type: none"> 1 original or electronic copy prepared and retained by the Issuer; 1 electronic copy uploaded to the CMHC Securitization Portal, 1 electronic copy sent to the CPTA and 1 electronic copy sent to the Custodian. 	This document must be witnessed by the secretary of the company. This position and signature is then certified by the president of the company.
4 CMHC 2806 	Letter Agreement for Issuer's P & I Custodial/Trust Account	<ul style="list-style-type: none"> 1 original or electronic copy prepared and retained by the Issuer; 1 electronic copy sent to CMHC through the CMHC Securitization Portal 1 electronic copy sent to the CPTA and 1 electronic copy sent to the Custodian. 	Pool Number Enter the Pool Number previously assigned by CMHC. Where a Pool Number has not been assigned, CMHC will complete this field. For a new account to be established as a Central P & I Custodial/Trust Account in connection with the Central Clearing House Debit Authorization, CMHC 2808 (at the time of application for CMHC Issuer participation), "various pools" should be inserted in this space. The form should specify "All Pools" if the same Custodial/Trust Account is used for all the Issuer's Pools or "All Pools Serviced by _____" if the same Custodial/Trust Account is used for all the Issuer's Pools comprised entirely of Loans that are serviced by a particular Servicer. Account Number Enter the account number for the P & I Custodial/Trust Account.
5 CMHC 2807 	Electronic Documentation Acknowledgement and Agreement	<ul style="list-style-type: none"> 1 original or electronic copy prepared and retained by the Issuer; 1 electronic copy sent to CMHC through the CMHC Securitization Portal 	
6 CMHC 2808 	Central Clearing House Debit Authorization	<ul style="list-style-type: none"> 1 original or electronic copy prepared and retained by the Issuer; 1 electronic copy sent to CMHC through the CMHC Securitization Portal, 1 electronic copy sent to the CPTA and 1 electronic copy sent to the Custodian. 	Check the appropriate box to indicate if the authorization is in connection with the creation or change in the Central P & I Account.






(continued)

Form	Name	Distribution of Forms	Additional Instructions
7 CMHC 2810 	Application for Approval as a Private Mortgage Insurer under the NHA MBS Program	<ul style="list-style-type: none"> • 1 original or electronic copy prepared and retained by the private mortgage insurer; • 1 electronic copy provided to CMHC through the CMHC Securitization Portal. 	Key Employees Senior officers dealing with NHA MBS authorized to sign documentation and to be contacted to answer questions or resolve problems.
8 CMHC 2814 	Mortgage Pool Servicing Agreement	<ul style="list-style-type: none"> • 1 original or electronic copy prepared by the Issuer and (where the Issuer is not the Servicer) sent to the Servicer for signing; Servicer executes the document and returns it to the Issuer; • 1 original or electronic copy retained by the Issuer; • 1 electronic copy sent to CMHC through the CMHC Securitization Portal; • 1 electronic copy sent to the Custodian. 	
9 CMHC 2820 	Custodial Agreement	<ul style="list-style-type: none"> • 1 original or electronic copy prepared and signed by the Custodian and the Issuer; • 1 original or electronic copy retained by Issuer who sends • 1 electronic copy to CMHC through the CMHC Securitization Portal; • 1 original or electronic copy retained by the Custodian. 	Consideration Attach a copy of the fee schedule agreed upon between the Custodian and the Issuer.
10 CMHC 2822 	Release of Security Interest	<ul style="list-style-type: none"> • 1 original or electronic copy prepared and retained by each person or institution holding a security interest to any Pooled mortgages, • 1 electronic copy sent to CMHC through the CMHC Securitization Portal, • 1 electronic copy sent to the Custodian and • 1 electronic copy sent to and retained by Issuer. <p>For 800-series Pools (prefix 8xx), this form is always required from the Issuer and any Registered Holder different from the Issuer.</p>	<p>If any Loan in the Pool is encumbered by other interests (other than nominal title), the Issuer must obtain an executed original Release of Security Interest, CMHC 2822, for each person or institution with any interests or rights in and to any and all pooled Loans and related mortgages.</p> <p>For 867, 880 and 885 Pools, a Release of Security Interest, CMHC 2822, is always required from the Issuer and any Registered Holder different from the Issuer (in addition to releases required from any other person or institution with interest in and to any and all pooled mortgages). The Release must be signed and authorized by the person or institution relinquishing its interest to CMHC.</p>

(continued)

Form	Name	Distribution of Forms	Additional Instructions
11 A. CMHC 2824 	Schedule of Pooled Mortgages	<p>At least five (5) full Business Days prior to the settlement date,</p> <ul style="list-style-type: none"> 1 electronic copy together with pooled Loan details specified in the Appendix to such form by way of <ul style="list-style-type: none"> (i) an electronic file in PDF format and (ii) an electronic file in the format specified in the Appendix to such form CMHC 2824 completed by the Issuer for all Pools and forwarded to the Custodian for initial certification. <p>At this same time, the Issuer sends an electronic copy to CMHC through the CMHC Securitization Portal.</p> <p>After initial certification:</p> <ul style="list-style-type: none"> 1 electronic copy in PDF format is forwarded to the Issuer, 1 electronic copy retained by the Custodian and 1 electronic copy is sent to CMHC through the CMHC Securitization Portal. <ul style="list-style-type: none"> For Issuers who use the Power of Attorney process in Quebec, the Issuer completes the Power of Attorney information in the Issuer’s Certification. For Pools comprised of Loans insured by an Approved Private Mortgage Insurer, the Issuer does not provide borrower or property address information (except postal code) on the schedule of pooled mortgages in the electronic copy forwarded to CMHC. Final certification takes place within 4 months from Issue Date, at which time electronic copies in PDF format are sent by the Custodian to the Issuer and to CMHC through the CMHC Securitization Portal. 	2824 Schedule of Pooled Mortgages – additional instructions
11 B. CMHC 2824 	Schedule of Pooled Mortgages (assumptions, substitutions and ports)	<p>When a pooled Loan is substituted, or when an assumed or ported Loan remains in the pool,</p> <ul style="list-style-type: none"> 1 electronic copy of the CMHC 2824 must be sent by the Issuer to the Custodian who sends a copy to CMHC and returns 1 electronic copy to the Issuer, checking that the assumed, substitute or ported Loan is later entered onto the revised Schedule of Pooled Mortgages. 	2824 Schedule of Pooled Mortgages – additional instructions

(continued)





Form	Name	Distribution of Forms	Additional Instructions
12 CMHC 2825 	Title Custodian Certifications	<ul style="list-style-type: none"> • 1 original or electronic copy prepared by the Issuer and sent to the applicable Title Custodian for certification; applicable Title Custodian returns • 1 original or electronic copy to the Issuer and retains one for itself; • 1 electronic copy sent to the Custodian, 1 electronic copy retained by the Issuer; • 1 electronic copy sent to CMHC through the Securitization Portal. 	<p>A Title Custodian Certifications, CMHC 2825, is required for each Title Custodian of Loans in the Pool.</p> <ol style="list-style-type: none"> 1. Check Box 1 if the Title Custodian holds title to all mortgages in the Pool. The electronic loan data submitted to the Custodian with respect to the Schedule of Pooled Mortgages, CMHC 2824, will identify the mortgages held by the referenced Title Custodian. 2. Check Box 2 if the Title Custodian holds some (but not all) mortgages in the Pool. Prepare and attach a list (Schedule "X") of the mortgages held by the referenced Title Custodian. <p>Each form must be signed by an authorized officer of the Issuer and an authorized officer of the applicable Title Custodian.</p>
13 CMHC 2830 	Schedule of Subscribers and Contractual Agreement	<ul style="list-style-type: none"> • 1 original or electronic copy prepared by Issuer and sent to CMHC for signature approval; CMHC then sends • 1 electronic copy to the CPTA and • 1 electronic copy to the Issuer who sends • 1 electronic copy to the Custodian. 	2830 Schedule of Subscribers and Contractual Agreement – additional instructions
14 CMHC 2832 	Letter Agreement for Issuer's Tax Custodial/Trust Account	<ul style="list-style-type: none"> • 1 original or electronic copy prepared by Issuer; sent to Servicer (where the Issuer is not the Servicer); returned to Issuer for completion, and then • 1 electronic copy to CMHC through the Securitization Portal, • 1 to CPTA, and • 1 to Servicer. <p>In lieu of a Tax Custodial/Trust Account an Issuer may elect to provide a letter of credit, payable to CMHC and deposited with the Custodian. This requirement is applicable only to 965, 966 and 990 Pool types.</p>	Where the Issuer is providing alternate security acceptable to CMHC, the amount of the required security must be at least equal to 50% of the estimated annual property taxes for the Loans on which taxes are collected within the Pool. The calculation of the above figure should be attached to a completed CMHC 2832 . In lieu of a Tax Custodial/Trust Account an Issuer may elect to provide a letter of credit, payable to CMHC and deposited with the Custodian.
15 CMHC 2834/ SCHL 2834 	NHA MBS Information Circular/Circulaire d'information sur les TH LNH	<ul style="list-style-type: none"> • 1 bilingual original or electronic copy prepared and retained by Issuer; • 1 bilingual electronic copy sent to the Custodian, • 1 bilingual electronic copy sent to CPTA, • 1 bilingual electronic copy sent to investment dealers, • 1 bilingual electronic copy uploaded to the CMHC Securitization Portal. 	
16 CMHC 2840 	Issuer's Monthly Accounting Report	The information collected in the CMHC 2840 is transmitted to the CPTA in electronic format. in compliance with the edits supplied to the Issuer upon its conditional acceptance by CMHC. A copy of the monthly reports is to be retained by the Issuer.	2840 Issuer's Monthly Accounting Report – Form completion

Wet Ink Original Documents



The following is a list of CMHC forms that CMHC will continue to require that Issuers provide in wet ink originals to the Custodian:

Form	Name	Distribution of Forms	Additional Instructions
17 CMHC 2835 	Mortgage Pool Transfer and Servicing Agreement (Quebec)	<ul style="list-style-type: none"> 4 originals prepared by Issuer and signed by Issuer and any Registered Holder different from the Issuer and sent to CMHC for countersignature. 3 fully signed originals sent to the Custodian, 1 original copy returned to the Issuer or Register Holder different from the Issuer and 1 electronic copy sent to CMHC through the CMHC Securitization Portal. 	
18 CMHC 2835 (TC) 	Mortgage Pool Transfer and Servicing Agreement (Title Custodian)	<ul style="list-style-type: none"> 4 originals prepared by Issuer and signed by the applicable Title Custodian and sent to CMHC for countersignature. 3 fully signed originals sent to Custodian, 1 original copy returned to the Title Custodian and 1 electronic copy sent to CMHC through the CMHC Securitization Portal. 	
19 CMHC 2836 	Mortgage Pools Transfer Agreement	<ul style="list-style-type: none"> 4 originals prepared by Issuer and signed by Issuer and any Registered Holder different from the Issuer and sent to CMHC for countersignature; 3 fully signed originals sent to Custodian, 1 copy returned to the Issuer or Registered Holder different from the Issuer, and 1 electronic copy sent to CMHC through the CMHC Securitization Portal. 	
20 CMHC 2836 (TC) 	Mortgage Pools Transfer Agreement (Title Custodian)	<ul style="list-style-type: none"> 4 originals prepared by Issuer and signed by the applicable Title Custodian and sent to CMHC for countersignature; 3 fully signed originals sent to Custodian, 1 original copy returned to the Title Custodian and 1 electronic copy sent to CMHC through the CMHC Securitization Portal. 	
21 CMHC 2837 	Assignment of Universality of Claims (Issuer)	<ul style="list-style-type: none"> 4 originals prepared and executed by the Issuer and sent to CMHC for signing; 3 originals forwarded by CMHC to the Custodian and 1 returned to the Issuer for publication at the Register of Personal and Movable Real Rights (RPMRR) in Quebec. Proof of registration must be uploaded to CMHC Securitization Portal and forwarded to the Custodian. 	
22 CMHC 2837 RH 	Assignment of Universality of Claims (Registered Holder)	<ul style="list-style-type: none"> 4 originals prepared by Issuer and executed by the Registered Holder (where different from the Issuer) and sent to CMHC for signing; 3 countersigned originals forwarded by CMHC to the Custodian, and 1 returned to the Registered Holder for publication at the Register of Personal and Movable Real Rights (RPMRR) in Quebec. Proof of registration must be uploaded to CMHC Securitization Portal and forwarded to the Custodian. 	

(continued)

Form	Name	Distribution of Forms	Additional Instructions
23 CMHC 2841 	Power of Attorney	<ul style="list-style-type: none"> • Originals prepared and executed by the Issuer and any Registered Holder different from the Issuer (except Title Custodians) with the appropriate number of copies, as specified in the form, registered (where applicable) in all land registry or land titles offices for all Common Law provinces and territories where Loans are registered; • 1 copy of each registered Power of Attorney together with proof of registration in each applicable land registry or land titles office sent to the Custodian, • 1 copy to be retained by the Issuer or Registered Holder (as applicable), and • 1 electronic copy sent to CMHC through the Securitization Portal. <p>For those jurisdictions where registration is not available, the executed copy of the CMHC 2841, Power of Attorney needs to be delivered</p>	2841 Power of Attorney
24 CMHC 2841 (TC) 	Power of Attorney (Title Custodian)	<ul style="list-style-type: none"> • Originals prepared and executed by the applicable Title Custodian with the appropriate number of copies, as specified in the form, registered (where applicable) in all land registry or land titles offices for all Common Law provinces and territories where Loans are registered; • 1 copy of each registered Power of Attorney together with proof of registration in each applicable land registry or land titles office sent to the Custodian, • 1 copy to be retained by the applicable Title Custodian, and • 1 electronic copy sent to CMHC through the Securitization Portal. <p>For those jurisdictions where registration is not available, the executed copy of the CMHC 2841, Power of Attorney needs to be delivered.</p>	
25 CMHC 2841Q 	Power of Attorney (Quebec)	<ul style="list-style-type: none"> • 10 originals to be prepared and executed by the Issuer and any Registered Holder different from the Issuer (except Title Custodians) and sent to the Custodian. The Custodian sends an electronic copy to CMHC, through the CMHC Securitization Portal. The Issuer and Registered Holder (as applicable) retain a copy for their files. 	Ten originals on (8 ½ by 14 inch paper) have to be signed by an authorized officer(s) of the Issuer or Registered Holder, as applicable. If signed in Quebec, it is signed in front of a Notary who will affix their seal. If signed outside of Quebec, it is signed in front of and attested by a Notary public who will affix a notarial seal.
26 CMHC 2841Q (TC) 	Power of Attorney (Quebec) (Title Custodian)	<ul style="list-style-type: none"> • 10 originals to be prepared and executed by the applicable Title Custodian and sent to the Custodian. The Custodian sends one electronic copy to CMHC through the Securitization Portal. The applicable Title Custodian retains a copy for their files. 	

(continued)

Form	Name	Distribution of Forms	Additional Instructions
27	Deed of Transfer (Quebec Assignments)	<ul style="list-style-type: none"> 3 originals to be prepared and sent to the Custodian. <p>If the Issuer (or Registered Holder) wishes to retain an executed assignment, a fourth original should be prepared.</p>	
28	<u>CMHC 2843</u> 	MBS Mortgage Security Registration Agreement	<ul style="list-style-type: none"> 5 originals prepared by the Issuer and sent to CMHC and the Registered Holder for signing thereafter; 3 originals sent to the Custodian, 1 original retained by the Issuer, 1 by the Registered Holder, and 1 electronic copy sent to CMHC through the CMHC Securitization Portal.
29	<u>CMHC 2843 (NR)</u> 	MBS Mortgage Security Registration Agreement (Non-Regulated Issuer)	<ul style="list-style-type: none"> 5 originals prepared by the Non-Regulated Issuer and sent to CMHC and the applicable Title Custodian for signing thereafter; 3 originals sent to the Custodian, 1 original retained by the Non-Regulated Issuer, 1 by the applicable Title Custodian, and 1 electronic copy sent to CMHC through the CMHC Securitization Portal.

2824 Schedule of Pooled Mortgages

1. Interest Rate of Mortgages

For floating rate Pools, when determining the highest and lowest Loan rate, include any incentive discounts in effect at the time of pooling.

2. Weighted Average Amortization Period

The period is calculated by:

- A. dividing the outstanding amount of each Loan by the total outstanding of all the Loans in the Pool;
- B. multiplying the result obtained in a. for each Loan by the amortization period for that Loan. The amortization period should be expressed in months; and
- C. adding together the results obtained in b. for all Loans. This is the Weighted Average Amortization Period. The period must be recalculated whenever there is an additional principal payment, a liquidation or a substitution.

3. Weighted Average Interest Rate

The rate is calculated by:

- A. dividing the outstanding amount of each Loan by the total outstanding amount of all the Loans in the Pool;
- B. multiplying the result obtained in a. for each Loan by the annual interest rate for that Loan. ; and
- C. adding together the results obtained in b. for all Loans.

4. Index Rate or Prime Rate at Time of Pooling

This is the lender's reference rate used to determine the rate charged to the borrower on the individual Loans. It may be prime or another index specific to the Issuer. All Loans in a Pool must be set off the same index. The index is specified in the NHA MBS Information Circular, [CMHC 2834](#).

Floating Rate Pools that have prime and interest rates using a non-monthly rate basis, must be converted to a simple monthly equivalent rate.

Unpaid Balance as of _____ 1st,

Insert the month in the first space and the year in the second space. The entry would then read for example, November 1st, 2005. The initial unpaid balance of a Pool is that balance remaining after all principal payments scheduled for payment on the first day of the month of issue have been credited.

Issuer's Certification

For Issuers that have executed a Power of Attorney for Quebec, the date of the execution of the Power of Attorney is to be entered. In addition, the date of execution of the Mortgage Pool Transfer and Servicing Agreement (Quebec), [CMHC 2835](#), is to be entered.



Appendix to the Schedule of Pooled Mortgages, 2824

Loan Details Required in the PDF Loan List

The following Loan details are required in the PDF Loan List sent to the Custodian for each Pool:

- Issuer's Loan Number
- Name of Mortgagor(s)
(ALL mortgagor names must be included)
- Address of Mortgage Property
- Insurer Account Number
- Principal Balance
- Interest Rate
- Interest Adjustment Date
- Date Last Payment Due
- Remaining Amortization Period in months
- Unpaid Balance as at Issue date

2830 Schedule of Subscribers and Contractual Agreement

1. Fixed Rate Coupon

For fixed rate Pools, enter the coupon rate for the term of the NHA MBS.

2. Floating Rate Coupon

For 880, 885, 980 and 985 Pools, the rate is expressed as “CDOR +” or “CDOR –” the constant spread.

For 987 Pools, the rate is expressed as “WAC –” the constant spread.

For 881, 886, 981 and 986, the coupon is to be displayed as One-Month Daily Compounded CORRA plus or minus the applicable spread, for example, One-Month Daily Compounded CORRA +/- 0.010%

3. No. of Securities

Enter the number of NHA MBS to be issued. If NHA MBS are to be issued to a subscriber(s) in different denominations, state the number of NHA MBS for each denomination.

4. Denominations

Enter the denomination of each NHA MBS to be issued. The face amount of any Certificate shall not be less than \$1,000 and shall be in multiples of \$1,000, except for any odd amount necessary to bring the total amount of Certificates in agreement with the aggregate outstanding principal balance of the Loans comprising the Pool. When only one or two Certificates are being issued, they need not be multiples of \$1,000.

5. Specify date for delivery of Certificates

If applicable, indicate the date of delivery of Certificates by the CPTA to the Issuer or representative.



2840 Issuer's Monthly Accounting Report

Purpose

To be used by Issuers to report monthly on their NHA MBS Pool administration. The CPTA will generate reports and remittances to Investors based on this report and will prepare factors in support of secondary market transactions. The report must be submitted monthly for each Pool, with attachments as listed below.

Distribution

The information collected on the [CMHC 2840](#) is to be forwarded to the CPTA in electronic format in compliance with the edits supplied to the Issuer upon its conditional acceptance by CMHC. A copy of the monthly reports is to be retained by the Issuer.

Due Date

The report must be received by the CPTA by the end of the third Business Day of each month.

Accompanying Documentation Required

1. Schedule of Pooled Mortgages, CMHC 2824

An electronic copy of the [CMHC 2824](#) must be provided to the Custodian for certification and forwarding to CMHC each time a pooled Loan is substituted, and each time a Loan is assumed or ported and remains in the Pool.

2. Arrears Reporting for Collateral Mortgage Pools

For collateral mortgage Pools (i.e., 867, 880, 881, 885 and 886 Pool types), Issuers must provide CMHC and the CPTA with a schedule listing the pooled Loans that are reported 90 days in arrears (3 months).

2840 Form Completion

Box Description of Required Content

1. SECTION 1

From Issuer

Provide the full legal name, address, and postal code of the Issuer.

1A. CMHC Pool No.

Insert the Pool Number assigned by CMHC.

1B. Issuer Codes

Enter any identifying codes relating to the Issuer's accounting system or control. CMHC does not require this box to be completed; it is for the Issuer's use only.

1C. Report Cut-Off Date

Enter the date of the last day of the period covered by the report. Unscheduled payments received after the cut-off date will be reported on the next month's [CMHC 2840](#). However, expected principal including maturing principal due until and including the first of the month following the cut-off date is to be included in Boxes 3A and 3D as applicable. The report cut-off date must fall in the period from the 25th to the last day of the report month inclusive.

1D. Report Start Date

Enter the date of the first day of the period covered by the report. This is the day following the cut-off date of the [CMHC 2840](#) for the previous month. For a new Pool, it is the day following the Issue Date.

2. SECTION 2 – MORTGAGE POOL

2A. Total No. Mortgages (Last Report)

Enter the total number of Loans in the Pool as of the beginning of the reporting period (month). This number must be the same as that in Box 2E of the report for the previous month. For a new Pool, it is the number of Loans at the Issue Date.

2B. No. of Liquidations (-)

Enter the total number of Loans in the Pool that have been liquidated during the reporting period. A liquidation is any transaction that reduces the unpaid balance of the Loan to zero and includes Loans removed from the Pool as a result of substitution. It does not include Loans that are maturing.

2C. No. of Maturities (-)

Enter the total number of Loans that are reduced to a nil balance due to scheduled payments or renewal at term maturity in the period from the second day of the reporting month to and including the first day of the following month. For example: If the reporting month is June, maturities from June 2 to July 1 are reported.

2D. No. of Substitutions (+)

Enter the number of Loans that are being added to the Pool as substitutes for ineligible Loans being removed from the Pool. Three (3) copies of the Schedule of Pooled Mortgages, [CMHC 2824](#), must be submitted to the Custodian with an explanation of the substitution.

2E. No. of Mortgages This Month End

Enter the total number of Loans in the Pool at the end of the reporting period.

This number should equal Box 2A, minus Box 2B, minus Box 2C, plus Box 2D.

2F. Weighted Average Maturity

Enter the Weighted Average Maturity (WAM) of all the Loans in the Pool as at the end of the reporting period, after the payment due on the first day of the following month is deducted. This rate is calculated as follows:

- divide the outstanding amount of each Loan by the total outstanding amount of all the Loans in the Pool;
- multiply the result obtained in A for each Loan, by the term remaining for that Loan. The terms should always be expressed in months and extended to three (3) decimal places wherever appropriate; and
- add together the results obtained in B. for all Loans. This is the Weighted Average Maturity of the Pool which will usually be slightly shorter, but never longer, than the Pool maturity date.

A simple example of the above calculation follows:

- Report start date: January 1, Year 1
- Report cut off date: January 31, Year 1
- Assume scheduled payments made February 1, Year 1

Outstanding Balance	Loan Maturity Date	Maturity in Months
\$100,000	September, Year 2	19
\$250,000	October, Year 2	20
\$150,000	November, Year 2	21
\$500,000	September, Year 2	19

Calculations

(A) (B)

$$\frac{100,000}{1,000,000} = .10 \times 19 \text{ months} = 1.900$$

$$\frac{250,000}{1,000,000} = .25 \times 20 \text{ months} = 5.000$$

$$\frac{150,000}{1,000,000} = .15 \times 21 \text{ months} = 3.150$$

$$\frac{500,000}{1,000,000} = .50 \times 19 \text{ months} = 9.500$$

$$\text{Weighted Average Maturity} = 19.550 \text{ (C)}$$

NOTE: This period must be recalculated whenever there is an additional principal payment, a liquidation or a substitution. For floating rate Pools, it is also recalculated when Loan rates change in response to a change in the index or the expiry of a discount incentive period.

2G. Weighted Average Mortgage Rate

Enter the Weighted Average Mortgage Rate (WAC) of all the Loans in the Pool as at the end of the reporting period, after the payment of the first day of the following month is deducted. This rate is calculated as follows:

- divide the outstanding amount of each Loan by the total outstanding amount of all Loans in the Pool;
- multiply the result obtained in A for each Loan by the annual interest rate for that Loan; and
- add together the results obtained in B for all Loans. This is the Weighted Average Mortgage Rate.

NOTE: This rate must be recalculated whenever there is an additional principal payment, a liquidation or a substitution. For floating rate Pools, it is also recalculated when Loan rates change in response to a change in the index or the expiry of a discount incentive period.

2H. Weighted Average Remaining Amortization

Enter the Weighted Average Remaining Amortization (RAM) for all the Loans in the Pool as at the end of the reporting period, after the payment of the first day of the following month has been deducted.

Specifically, it is calculated as follows:

- A. divide the outstanding amount of each Loan by the total outstanding amount of all the Loans in the Pool;
- B. multiply the result obtained in A for each Loan by the actual remaining amortization period of that Loan. The amortization period should be expressed in months. If payment frequency is not monthly, the amortization period used for the calculation must be the monthly conversion; and
- C. add together the results obtained in B for all Loans. This is the Weighted Average Remaining Amortization.

This period must be recalculated whenever there is a regular payment increase, an additional principal payment, a change to payment frequency, a liquidation or a substitution prior to final certification (instructions for calculating Loan amortizations are available in [Appendix 7 – Mortgage Formulas and Accounting Conventions](#)). For a floating rate Pool with variable rate Loans, it is also recalculated when the Loan rate changes in response to the change in the index or the expiry of the discount incentive period.

2I. Total Delinquent

Enter the number of Loans that are delinquent (at least one monthly equivalent instalment in arrears, in whole or in part) as of the reporting cut-off date (sum of Boxes 2K, 2L, and 2M). For all multiple-family Pools and social housing Pools, report a list of all Loans in arrears, the amount in arrears, the planned collection activity, and the reason for the arrears within the Details/Explanations section of the [CMHC 2840](#).

For collateral mortgage Pools (i.e., 867, 880, 881, 885 and 886 Pool types), a pooled Loan shall be reported delinquent if the pooled Loan or any loan cross-defaulted with the pooled Loan is in arrears. Where a securitized Loan (or any other loan cross-defaulted with a securitized Loan) is reported 90 days in arrears or is otherwise in default for 90 days in accordance with its terms, enforcement action will be taken against the borrower(s) and any guarantor(s), and the securitized Loan shall be immediately liquidated from the Pool.

2J. Percent Delinquent

Enter the ratio, expressed as a percentage, of the total number of delinquent Loans, including Loans in foreclosure, divided by the total number of Loans in the Pool shown in Box 2E. The percentage must be rounded to the nearest hundredth of a percent.

2K. Instalment Delinquent

through

2M.

“One”, “Two”, “Three or More” monthly equivalent payments delinquent (in whole or in part). Box 2K, plus Box 2L, plus Box 2M must equal Box 2I. A delinquent Loan should be entered in only one category.

For collateral mortgage Pools (867, 880, 881, 885 and 886 Pool types), these fields will reflect the number of months a pooled Loan is reported in arrears, including instances where the pooled Loan is reported in arrears as a result of a cross-defaulted loan that is “One”, “Two”, “Three or More” months delinquent.

NOTE: For Loans with payment schedules more frequent than monthly, report the number of monthly equivalent payments that have not been made, in whole or in part.

3. SECTION 3 – SECURITY

3A. Scheduled Principal

Included in this field are all expected scheduled payments of principal that are consistent with a theoretical amortization schedule.

Using the opening Loan security balance, an amortization schedule for each pooled Loan is calculated assuming that all payments are made on time without any arrears on the first day of the following month. The sum of the expected principal payments of each pooled Loan is the reported scheduled principal for that period. At the beginning of each reporting period, in order to determine the scheduled principal pass-through, a new amortization schedule is calculated for any Loan in the Pool where the amortization has changed due to unscheduled principal payments, increases to monthly payments, changes in frequency of payments, or any other event that could change the amortization. Issuers may wish to run an amortization schedule of each Loan in the Pool to confirm that the amortization has not been altered during the reporting period.

Loans with payment frequencies more often than monthly must have their payments converted to a monthly equivalent. The actual amortization of these Loans shall account for the more frequent application of payments.

For liquidations, the scheduled portion of principal is reported in 3A. For maturities, no portion of the principal is reported in 3A (the entire maturing balance is included in 3D).

3B. Partial Prepayments

Partial prepayments consist of unscheduled principal payments on a Loan. This includes additional principal collected from mortgagors. Amounts entered do not include regular P & I payments.

3C. Liquidations

A liquidation is any transaction that prematurely reduces the unpaid principal balance of the Loan to zero and includes ineligible Loans for which there are no substitutions and Loans where the payment is no longer paying down principal.

The amount in this field does not include Loans scheduled to mature during the report month or liquidations for which there are substitutions.

Box 3C is equal to the total of Boxes 6E.

Liquidations by Reasons

Box 3C-1

Sale

Enter the sum of liquidation balances (Box 6E) applicable to all Loans for which the reason for removal is “Sale”.

Box 3C-2

Mortgage Payoff

Enter the sum of liquidation balances (Box 6E) applicable to all Loans for which the reason for removal is “Mortgage Payoff”.

Box 3C-3

Ineligible Loan

Enter the sum of liquidation balances (Box 6E) applicable to all Loans for which the reason for removal is “Ineligible Loan”.

Box 3C-4

Enforcement Action

Enter the sum of liquidation balances (Box 6E) applicable to all Loans for which the reason for removal is “Enforcement Action”.

Use this Box if the Loan has been liquidated as a result of an enforcement action against the Loan borrower. This includes the instance where the borrower’s equitable right of redemption is triggered by the notice of intent to take enforcement action is given to the borrower;

Box 3C-5 Converted to Fixed Rate Mortgage

Enter the sum of liquidation balances (Box 6E) applicable to all Loans for which the reason for removal is “Converted to Fixed Rate Mortgage”.

Box 3C-6 Payment No Longer Paying Down Principal

Enter the sum of liquidation balances (Box 6E) applicable to all Loans for which the reason for removal is “Payment No Longer Paying Down Principal”.

The sum of Boxes 3C-1 to 3C-6 must equal to Box 3C (Liquidations).

3D. Maturities

Enter the balance owing at the maturity date of the Loans. For the last payment on the Pool, the amount of the “Security Balance Total” (Box 4G) from the previous month’s report equals Box 3D. In this instance Box 3A will be zero.

3E. Substitutions

Substitutions are Loans replacing those being liquidated from the Pool. They are permitted only in limited circumstances as detailed in [Loan Substitution in Chapter 5](#) of this Guide. Enter the net difference between the Loans being liquidated and the Loans being substituted (the difference between the “In” and “Out” sections reported in Section 7, Boxes 7L and 7M). The balance of the substituted Loans must be less than or equal to the balance of the liquidated Loans.

NOTE: Since assumed and portable Loans are permitted under the NHA MBS Program (provided certain conditions are met), and do not impact the amount of principal pass-through, the balance of assumed and ported Loans that remain in a Pool are not to be reported on the [CMHC 2840](#). However, a Schedule of Pooled Mortgages, [CMHC 2824](#), must be provided to the Custodian with the new Insurance Account Number and new property or borrower details, as applicable.

3F. Adjustments

This field is used to correct and reconcile payments due to the Investors, and must be explained in the Details/Explanations section of the [CMHC 2840](#).

3G. Total Principal

This is the aggregate of principal to be passed through to the Investors and is the sum of Boxes 3A, 3B, 3C, 3D, 3E and 3F.

3H. Annual Coupon

The nominal annual coupon interest rate: For Pool types referenced to CORRA, the One- month Daily Compounder CORRA as of the first Business Day of the report month plus or minus the constant spread, and for Pool types referenced to CDOR, the 1-month CDOR as of the first Business Day of the report month plus or minus the constant spread. For 987 Pools, the WAC at the end of the previous month (Box 2G of the previous report) minus the constant spread. For the first report month, enter the WAC reported on the Schedule of Pooled Mortgages, [CMHC 2824](#), minus the constant spread.

For floating rate NHA MBS Pool types, which include the 88x, and 98x pool types, if the sum of the Coupon Base Rate (Section 9D) and the NHA MBS coupon spread has a fifth decimal place which is greater than zero then the following rounding convention should be used to calculate the Annual Coupon Rate:

- Round up if the fifth decimal place is greater than or equal to five (5); or
- Round down if the fifth decimal place is less than five (5).

3I. Monthly Factor 10 Digits

For fixed rate Pools, enter the effective monthly factor based on semi-annual compounding used to calculate the interest due to the Investor at the coupon rate. For floating rate Pools (880, 885, 980, 985 and 987 Pool types), enter the simple monthly interest factor. Ensure that a complete 10-digit factor is entered in this field. For details on calculating monthly factors for fixed and floating rate Pools, refer to [Appendix 7 – Mortgage Formulas and Accounting Conventions](#).

For further clarity, the Monthly Factor should be calculated based on the Annual Coupon Rate reported.

3J. Cash Distribution due Holders re Interest

Enter the amount of monthly interest due to Investors (NHA MBS holders), calculated by multiplying the principal amount of NHA MBS from the previous report (Box 4G) by the monthly interest rate factor (Box 3I). Interest due to Investors for the initial reporting period is calculated by multiplying the “Original Aggregate Amount of Pool at MBS Issue Date” as reported on the Schedule of Subscribers and Contractual Agreement, [CMHC 2830](#), by the monthly interest rate factor.

3K. Interest Penalties/Indemnities

Enter all prepayment interest penalties and indemnities payable as provided for in the NHA MBS Information Circular, [CMHC 2834](#), related to additional principal payments and/or liquidations during the reporting period.

Box 3K-1 MBS Indemnity Factor (for 965, 970, 975, 981 and 986 Pools Only)

Enter the MBS Indemnity Factor, calculated in accordance with the applicable NHA MBS indemnity calculation methodology. The Factor must be reported to five (5) decimal places. Rounding of the last decimal place occurs upward if the sixth digit is equal to or greater than five (5).

$$\text{Indemnity Factor} = \text{Max}[(\text{NHA MBS Price Factor} - 1), 0]$$

Where the NHA MBS Price Factor is equal to the NHA MBS Price / 100

Example:

NHA MBS Price: \$101.071

$$\begin{aligned} \text{Indemnity Factor} &= \text{Max}[(1.01071 - 1), 0] \\ &= 0.01071 \end{aligned}$$

For 965 pools, as the indemnity factor might be different for Loans paid off or otherwise liquidated on different dates during the same month, the reported indemnity factor on [CMHC 2840](#) should be the average of the indemnity factors for all the Loans paid off or liquidated in the same month weighted by the principal amount of the Loans.

For 970 and 975 Pools Only: Liquidations and Partial Prepayments Occurring within the First 36 Months (970 Pools) or First 60 Months (975 Pools) Following a Loan’s Interest Adjustment Date

Box 3K-2 Sale

Enter the sum of liquidation balances (from Box 6E) for which the removal date (6B) is within the first 36 months (970 Pools) or first 60 months (975 Pools) following the Loan’s interest adjustment date and for which the reason for removal indicated is “Sale”.

Box 3K-3 Mortgage Payoff

Enter the sum of liquidation balances (from Box 6E) for which the removal date (6B) is within the first 36 months (970 Pools) or first 60 months (975 Pools) following the Loan’s interest adjustment date and for which the reason for removal indicated is “Mortgage Payoff”.

Box 3K-4 Ineligible Loan

Enter the sum of liquidation balances (from Box 6E) for which the removal date (6B) is within the first 36 months (970 Pools) or first 60 months (975) following the Loan’s interest adjustment date and for which the reason for removal indicated is “Ineligible Loan”.

Box 3K-5 Partial Prepayments Subject to Penalty/Indemnity

Enter the aggregate amount of partial prepayments (see Box 3B) subject to an indemnity/penalty payment to Investors.

3L. Total Cash Distribution Due to Holders

Enter the sum of Boxes 3G, 3J, and 3K. This total amount must be made available to the CPTA as required in the NHA MBS Guide.

3M. Principal Amount of Securities from Last Report

Enter the principal amount of NHA MBS from Box 4G of the previous month's report. On reports for the initial reporting month, enter the "Original Aggregate Amount of Pool at MBS Issue Date" as reported to CMHC on the Schedule of Subscribers and Contractual Agreement, [CMHC 2830](#).

3N. Principal Distributed to Holders This Month (Amount from Box 3G)

Enter the total principal amount reported in Box 3G.

4. SECTION 4**4A. Principal Balance Due on Securities (This Month End)**

to

4F. Boxes 4A to 4F illustrate the principal due on the security balances as at the first day of the month following the report month. For example, if the report period is for the month of May, Boxes 4A to 4F will show the outstanding balances of the pooled Loans by month of maturity after the June 1 Loan principal payment has been deducted.

The calculated pooled Loan balances are fanned by month of maturity corresponding to the "Mortgage Loan Pool Profile at Issue Date" on the NHA MBS Information Circular, [CMHC 2834](#), page i, and entered in Boxes 4A to 4F. Box 4A should include any principal that may be maturing more than 5 months prior to maturity.

4G. Security Balance Total

This box represents the total outstanding principal assuming that all scheduled payments have been made in accordance with the amortization schedule. It should equal the sum of Boxes 4A to 4F.

It must also equal Box 3M minus Box 3N.

4H. This box is intended to alert the dealer that there are actually more than six (6) months of maturing principal.

Enter a "1" to flag the Pool in the event that a balloon payment will occur to liquidate a Loan prior to five (5) months before maturity. An explanation must be given in the Details/Explanations Section.

Leave this field blank if all Loans are maturing in the period specified in Boxes 4A to 4F.

5. SECTION 5**5A. Mortgage Administration System Balance (Cut-Off Date)**

Enter the total principal outstanding of all the Loans in the Pool, including all arrears at the cut-off date as per the Issuer's Mortgage Administration System.

Details/Explanations

This box is provided to allow for information that clarifies or gives details to what is contained in Sections 2, 3, and 4. For example, details of any Loans maturing more than five (5) months prior to maturity, information on any multiple Loan in arrears, explanation of adjustments made or any other occurrence where insufficient space is available to clearly indicate the expected reporting results.

6. SECTION 6 – LIQUIDATION SCHEDULE(S)

6A. Insurer Account No.

Enter the Insurance Account Number identifying the Loan that is being liquidated.

6B. Date Prepaid/Liquidated

Enter the date the Loan is prepaid/liquidated. Where liquidation occurs because the Loan is ineligible or its payment is no longer paying down principal, enter the cut-off date for the report month. Otherwise, enter the date on which the Loan was paid-off, modified or extinguished.

Also, for 970 and 975 Pools, check the box if the Loan’s removal date (6B) is within 36 months (970 Pools) or 60 months (975 Pools) of the Loan’s Interest Adjustment Date (IAD).

6C. Mortgage Interest Rate

Enter the annual nominal Loan interest rate applicable to the Loan being liquidated. This rate is based on semi-annual compounding for fixed rate Pools and on simple monthly compounding for floating rate Pools.

NOTE: For floating rate mortgages, if the Loan rate is based on a compounding period other than monthly, the rate must be converted to its simple monthly compounding equivalent. A formula for converting a rate to its simple monthly compounding equivalent is available in [Appendix 7 – Mortgage Formulas and Accounting Conventions](#).

Reason for Removal (Check Applicable Box)

Liquidations result from the following events:

Sale

This check box shall only apply to Loans liquidated from 970 and 975 pool types.

Check this box, if (1) and (2) apply:

1. the Loan was paid off and liquidated from a 970 or 975 pool as a result of a sale of the underlying property to a third party; and
2. the disclosures in the NHA MBS Information Circular ([CMHC 2834](#)) for the pool provide that a prepayment is exempt from the indemnity calculation where the prepayment occurs as a result of a sale;

OR

the Loan was ported or assumed, and the disclosures in the NHA MBS Information Circular ([CMHC 2834](#)) for the pool provides that a prepayment is exempt from the indemnity calculation when the prepayment is made pursuant to a port or assumption.

NOTE: Where legal action against the borrower(s) ends with a sale of the underlying property to a third party, the liquidation should be classified as an “Enforcement Action”.

Mortgage Payoff

Check this box if the Loan was paid off and liquidated for any reason other than where the payoff occurred as a result of “Enforcement Action” or “Conversion to Fixed Rate Loan”, or where the Loan payoff has been reported as a “Sale” for 970 and 975 pool types. For greater clarity, mortgage payoff includes instances where a Loan’s terms (e.g. rate, maturity date or balance) have been amended, including instances where the Lender is utilizing an amortization period extension as a default management tool for a mortgage loan.

Enforcement Action

Check this box if the Loan was liquidated as a result of an enforcement action against the borrower(s).

Liquidation should be coded as “Enforcement Action” (3C-4 in the [CMHC 2840](#)) if the Loan was liquidated as a result of an enforcement action against the Loan borrower. This includes scenarios where the borrower’s equitable right of redemption is triggered when notice of intent to take enforcement action is given to the borrower; accordingly, during the right to redeem period, if the borrower redeems the mortgage by either paying off the mortgage or selling the property to a third party when no penalties can be collected, Issuers should code the Loan as liquidated in connection with an “Enforcement Action”.

For 800-series Pools (i.e. Pools with a 8xx prefix), Issuers must report and then immediately liquidate a pooled Loan if that Loan, or any loan cross-defaulted with that Loan, is reported 90 days in arrears or is otherwise in default for 90 days in accordance with its terms. Such Liquidations should also be coded as “Enforcement Action” (3C-4 in the [CMHC 2840](#)).

For homeowner Loans in 900-series Pools (i.e. Pools with a 9xx prefix), in instances of Loan default, Issuers must liquidate the Loan from the Pool no later than the end of the Enforcement Action to enforce the mortgage security, which shall be considered to be the earliest of the following:

- a. the date the title to the property is transferred to themselves, a third party or CMHC pursuant to the enforcement action;
- b. the date the mortgage is discharged from the title pursuant to the enforcement action;
- c. the date the mortgage is redeemed pursuant to an equitable redemption right triggered by the enforcement action; or
- d. the date the mortgage insurance claim is paid in whole or in part, or the mortgage insurance claim is rejected.

For multiple-family Loans, in instances of Loan default, Issuers must liquidate the Loan from the Pool no later than the end of the Enforcement Action to enforce the mortgage security, which shall be considered to be the earliest of the following:

- a. the date the mortgage is redeemed pursuant to an equitable redemption right triggered by the enforcement action; or
- b. the date the mortgage insurance claim is paid in whole or in part, or the mortgage insurance claim is rejected.

Ineligible Loan

In the case of an ineligible Loan, liquidation must occur on the date the loan was determined as ineligible. Check this box if the Loan was liquidated because it did not comply with Program requirements. An example is where the Loan is found not to be insured by CMHC or an Approved Private Mortgage Insurer. Loans that are found to be ineligible after final certification must be brought to the attention of CMHC Securitization Centre prior to any liquidation occurring.

Converted to Fixed Rate Mortgage

Check this box when a Loan is removed from a floating rate Pool because the borrower has opted to convert the Loan to a fixed rate.

Payment No Longer Paying Down Principal

Check this box when a variable rate Loan is removed from a Pool because the scheduled Loan payment does not repay any principal.

In the case where the regular payment on a Loan in a VRM pool (885/886/985/986) will no longer pay down any principal (i.e. non-amortizing loans) as a result of a change in the applicable interest rate during a report month (“Trigger Rate Event”) that loan must be liquidated from the pool during the reporting month when the Trigger Rate Event occurs and reported as “Payment No Longer Paying Down Principal” unless:

- the regular payment is, in accordance with the mortgage documents and disclosures in the information circular, automatically scheduled to increase such that the loan is once again amortizing by no later than the first regular payment during the following report month; or
- an arrangement with the borrower is made in accordance with the mortgage documents and the disclosures in the information circular by no later than the cut-off date of the report month when the Trigger Rate Event occurs to make a lump-sum principal payment in an amount and/or to increase the loan’s regular payment by an amount such that the loan is once again amortizing by no later than the first regular payment during the following report month.

6D. Issuer’s Loan No.

Enter the Issuer’s Loan number identifying the Loan that is being liquidated.

6E. Liquidation Balance

Enter the principal balance of each Loan liquidated during the reporting period.

The amount is the outstanding principal balance of each Loan being liquidated less the scheduled principal payment for the reporting period, any delinquent principal payments paid by the Issuer, and any interest penalties that are charged. It should reflect the amount that will be passed through to the Investors.

6F. Interest Penalties

Enter any interest penalty or indemnity owing to the Investor in accordance with the disclosure in the NHA MBS Information Circular, [CMHC 2834](#), relating to the liquidation of a Loan in the current reporting period.

Box 3K is equal to the total of all 6F boxes.

7. SECTION 7 – SUBSTITUTED MORTGAGES**General:**

With the exception of Box 7C, each box in this section consists of two parts. The “In” section refers to the substitute Loan while the “Out” section refers to the liquidated Loan. Although presented on a one to one basis, the number of liquidated Loans does not need to match the number of substitute Loans. In any given month, the total balance of the liquidated Loans must be greater than or equal to the balance of the substitute Loans.

Insurer Account No.**7A. In**

Enter the Insurance Account Number identifying the Loan that is being added to the Pool.

7B. Out

Enter the Insurance Account Number identifying the Loan that is being deleted from the Pool.

7C. Date Substituted

Enter the date on which the Loan was added to the Pool.

Mortgage Interest Rate**7D. In**

Enter the annual nominal Loan interest rate applicable to the Loan being added to the Pool. This rate is based on semi-annual compounding for fixed rate Pools and on simple monthly compounding for floating rate Pools.

7E. Out

Enter the annual nominal Loan interest rate applicable to the Loan being deleted from the Pool. This rate is based on semi-annual compounding for fixed rate Pools and on simple monthly compounding for floating rate Pools.

Issuer's Loan No.**7F. In**

Enter the Issuer's Loan number identifying the Loan that is being added to the Pool.

7G. Out

Enter the Issuer's Loan number identifying the Loan that is being deleted from the Pool.

Remaining Amortization**7H. In**

Enter the remaining amortization period of the Loan being added to the Pool, expressed in months and converted to the monthly equivalent, if payments are other than once a month.

7I. Out

Enter the remaining amortization period of the Loan being deleted from the Pool, expressed in months and converted to the monthly equivalent if payments are other than once a month.

Remaining Term**7J. In**

Enter the remaining term, in months, of the Loan being added to the Pool.

7K. Out

Enter the remaining term, in months, of the Loan being deleted from the Pool.

Balance at Substitution**7L. In**

Enter the balance of the Loan being added to the Pool.

7M. Out

Enter the balance of the Loan being deleted from the Pool.

8. SECTION 8 is purposely omitted.**9. SECTION 9 – FOR 880, 881, 885, 886, 980, 981, 985, 986 AND 987 MBS POOLS ONLY****9A. Weighted-Average Full Term Mortgage Index Spread**

This reflects the regular spread to the index (e.g., Prime) only.

- A. Divide the outstanding amount of each Loan by the outstanding amount of all Loans in the Pool.
- B. Multiply the result obtained in A for each Loan by the full-term Loan index spread.
- C. Sum the results obtained in B for all Loans.

The Full Term Mortgage Index Spread is the difference between the full term Loan rate and the index rate. The spread must be calculated after the Loan rates and corresponding index rates have been converted to their simple monthly compounding equivalent.

9B. Weighted-Average Introductory Mortgage Index Spread

This reflects any incremental promotional incentive discount.

- A. Divide the outstanding amount of each Loan by the outstanding amount of all Loans in the Pool.
- B. Multiply the result obtained in A for each Loan by the introductory Loan index spread.
- C. Sum the results obtained in B for all Loans.

The Introductory Mortgage Index Spread is the difference between the full term Loan rate and the introductory Loan rate. The spread must be calculated after the Loan rates have been converted to their simple monthly compounding equivalent.

9C. Sum of Monthly Payments Equivalents

Any payments received more frequently than monthly from the borrowers are to be converted to the monthly equivalent using the formula provided in [Appendix 7 – Mortgage Formulas and Accounting Conventions](#). The results are added to the monthly payments for Loans with monthly payment frequency and the total is entered in this field. For the month corresponding to the final payment of a pool, this box will have “0”.

9D. Coupon Base Rate

Enter the rate applicable on the first Business Day of the reporting month. Do not include any adjustment or spread. For 880, 881, 885, 886, 980, 981 and 985 Pools, enter the one-month CDOR as at the first Business Day of the report month. For 987 Pools, enter the Weighted Average Mortgage Rate (WAC) as at the end of the previous reporting period, after the payment due on the first day of the current report month has been deducted (should equal Box 2G from previous month’s report).

9E. Weighted-Average Introductory Periods Remaining

This is calculated in whole months. Note that the calculated value is to be rounded up.

- A. Divide the outstanding amount of each Loan by the outstanding amount of all Loans in the Pool.
- B. Multiply the result obtained in A. for each Loan by the number of introductory periods remaining (expressed in whole months).
- C. Sum the results obtained in B for all Loans. Round the result from C.

NOTE: Boxes 9A and 9B must comply with the following convention for expressing Loan index spreads:

Discount

The full term Loan index spreads must carry a negative mathematical sign if the resulting full term Loan rates are lower than the Loan reference index rate. The introductory Loan index spreads must carry a negative mathematical sign if the resulting Loan rates during the introductory period are lower than the full term Loan rates. For example:

→ -0.50%

Premium

The full term Loan index spreads must carry an “implied” (i.e., no explicit sign) positive mathematical sign if the resulting full term Loan rates are higher than the Loan reference rate. The introductory Loan index spreads must carry an “implied” positive mathematical sign if the resulting Loan rates during the introductory period are higher than the full term Loan rates. For example:

→ 0.50% (the “+” sign is implied)



2841 Power of Attorney

The registration requirements, required execution, certification and affidavits that follow will differ from jurisdiction to jurisdiction within Canada and will change from time to time in each jurisdiction. Issuers and Registered Holders should consult local counsel and notaries before completing their powers of attorney. If the Issuer is advised of differences from what is provided in this section by their counsel or notary, it should be brought to CMHC's attention.



British Columbia

Two original Powers of Attorney for each registry office in the province are to be signed in black ink by an authorized officer(s) of the Issuer or Registered Holder, as applicable, under corporate seal (the seal should not encroach on any of the signatures) and witnessed by a notary public in the following manner:

[Insert name of Issuer or Registered Holder]
by its authorized signatory(ies)

(signature of Notary Public)

(print name)

(print name)

(address)

(print name)

(professional capacity
i.e. Notary Public for
Province of British Columbia)

C/S

OFFICER CERTIFICATION: Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1979, c. 116, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

The Notary Public witnessing the signature of a person signing on behalf of [Insert name of Issuer or Registered Holder] (the "Grantor") is certifying that such person appeared before him/her and acknowledged that:

- i. he/she is an authorized signatory of the Grantor;
- ii. he/she has been authorized by the Grantor to execute the document; and
- iii. the Grantor exists and is legally entitled to hold and dispose of land in British Columbia.

Alberta

Two original Powers of Attorney for each registry office in the province have to be signed by an authorized officer(s) of the Issuer or Registered Holder, as applicable, under corporate seal or with the following statement:

FORM 31.1

LAND TITLES ACT

(Section 152.3, as amended or replaced)

AFFIDAVIT VERIFYING CORPORATE SIGNING AUTHORITY

I, _____ of _____

make oath and say:

1. I am an officer or director of {Insert name of Issuer or Registered Holder} (the "Grantor") named in the within or annexed instrument.
2. I am authorized by the Grantor to execute the instrument without affixing a corporate seal.

SWORN BEFORE ME at the _____)

of _____, in the Province _____)

of _____, this _____ day)

of _____, _____ .)

(Signature)

A NOTARY PUBLIC IN AND FOR THE _____)

PROVINCE OF _____)

Saskatchewan

Two original Powers of Attorney for each registry office in the province have to be signed by an authorized officer(s) of the Issuer or Registered Holder, as applicable, under corporate seal in the following manner:

IN WITNESS WHEREOF [Insert name of the Issuer or Registered Holder] has executed this Power of Attorney under its corporate seal and the hands of its proper officers duly authorized in that behalf the _____ day of _____, _____.

(Insert name of Issuer or Registered Holder)

Per: _____

Per: _____

If no corporate seal is used the signature must be witnessed and an Affidavit of Execution sworn in the following manner:

IN WITNESS WHEREOF [Insert name of the Issuer or Registered Holder] has executed this Power of Attorney under the hands of its proper officers duly authorized in that behalf the _____ day of _____, _____.

(Insert name of Issuer or Registered Holder)

(Witness)

Per:

Per:

CANADA

PROVINCE OF _____

TO WIT:

AFFIDAVIT OF EXECUTION

I, _____ of the City of _____, in the Province of _____, MAKE OATH AND SAY:

1. THAT I was personally present and did see _____, who is personally known to me, duly execute the within _____ for the purposes named therein.
2. THAT the same was executed at the City of _____, in the Province of _____, and that I am the subscribing witness thereto.
3. THAT the said _____ is the _____ of [Insert name of Issuer or Registered Holder] and has the authority to sign the within document on behalf of _____.
4. THAT I know the said _____ and he is in my belief of the full age of eighteen years.

SWORN BEFORE ME at the City of _____,)
 in the Province of _____,)
 this _____ day of _____, _____.)

) print name
) underneath
) signature

A NOTARY PUBLIC in and for the _____)
 Province of _____.)

Manitoba

Two original Powers of Attorney for each registry office in the province have to be signed by an authorized officer(s) of the Issuer or Registered Holder, as applicable, under corporate seal and witnessed by a notary public as follows:

In witness whereof, [Insert name of the Issuer or Registered Holder] has hereunto affixed its corporate seal attested to by the signatures of its proper officer(s)

in its behalf on the _____ day of _____, _____, in the _____ of _____, in the Province of _____.

(signature of Notary Public)

(signature)

(print name)
(address)
(professional capacity)

(print name)
(position/office)

(signature)

(print name)
(position/office)

Ontario

Two original Powers of Attorney (on 8 ½ x 14-inch paper) for each registry office in the province have to be signed by an authorized officer(s) of the Issuer or Registered Holder, as applicable, under corporate seal or with the statement underneath the signature:

I/We have authority to bind [Insert name of the Issuer or Registered Holder]

Do not prepare these Powers of Attorney back to back, the two pages must be on separate pages.

Where the registry office has converted to electronic registration, a copy of the executed Power of Attorney together with proof of registration must be provided to the Custodian.

Nova Scotia

Two original Powers of Attorney for each registry office have to be signed by an authorized officer(s) of the Issuer or Registered Holder, as applicable, under corporate seal, witnessed and sworn before a notary public by the witness as follows:

(signature)

 Subscribing Witness
 (print name)

 (print name)

(signature)

 (print name)

PROVINCE OF _____

On this _____ day of _____, _____, before me,
 the subscriber, personally came and appeared _____
 the subscribing witness to the foregoing Indenture, who having been by me duly sworn, made oath
 and said that _____, one of the parties thereto,
 caused the same to be executed and its corporate seal affixed by its duly authorized officers and
 (s)he is the subscribing witness.

 A Notary Public in and for the

Province of _____

Newfoundland

Two original Powers of Attorney have to be signed by an authorized officer(s) of the Issuer or Registered Holder, as applicable, under corporate seal and witnessed by a notary public (affixing his/her seal over his/her signature) in the following manner:

IN WITNESS WHEREOF the Common Seal of [Insert name of Issuer or Registered Holder] was hereunto affixed in accordance with its rules and regulations in that behalf the day and year first before written.

THE COMMON SEAL of
[Insert name of Issuer or Registered Holder] was hereunto affixed in the presence of:

(signature of Notary Public)

(signature)

(print name)
(address)
(professional capacity)

(print name)

(signature)

(print name)

Prince Edward Island

Two original Powers of Attorney for each registry office have to be signed by an authorized officer(s) of the Issuer or Registered Holder, as applicable, under corporate seal, witnessed and sworn before a Notary Public in the following manner:

(signature)

Subscribing Witness (print name)

(print name)

(signature)

(print name)

NOTARIAL CERTIFICATE OF OATH

I, _____, of _____,
in the Province of _____, a Notary Public by
lawful authority, duly authorized, commissioned and sworn, residing and practising at
_____ aforesaid, DO HEREBY CERTIFY
that on the _____ day of _____,
personally appeared before me, _____, of
_____, in the Province of _____,
and being sworn, testified that (s)he is a subscribing witness to the within written
deed or writing, and that (s)he was present, and did see the same duly executed
by _____ and _____, the
proper signing officers of the Grantor therein named.

A NOTARY PUBLIC IN AND FOR

THE PROVINCE OF _____

New Brunswick

Two original Powers of Attorney for each land registry office in the province have to be signed by two authorized officers of the Issuer or Registered Holder, as applicable, under corporate seal (on 8 ½ x 14-inch paper with 1 ½-inch wide blank margins – left, right, top and bottom) and affidavits of execution sworn before a notary public in the following form:

CANADA

PROVINCE OF _____

AFFIDAVIT OF EXECUTION

I, _____ of the _____ of _____ and Province of _____, MAKE OATH AND SAY:

1. THAT I am the _____ of _____, a duly incorporated company (the “Grantor”), and I have custody of the corporate seal of the Grantor and am duly authorized to make this affidavit on behalf of the Grantor.
2. THAT I am aware of all circumstances connected with the foregoing Power of Attorney (the “Power of Attorney”) and have a personal knowledge of the facts herein deposed to.
3. THAT the _____ and _____ of the Grantor are authorized to execute documents in the name of and on behalf of the Grantor.
4. THAT the seal affixed to the Power of Attorney is the corporate seal of the Grantor and was so affixed by authority of the board of directors thereof.
5. THAT the signature “ _____ ” is the signature of _____, the _____ of the Grantor and the signature “ _____ ” is in the proper handwriting of me, this deponent.
6. THAT the said signatures were subscribed to the Power of Attorney and the corporate seal of the Grantor affixed thereto for the purpose of execution on behalf of the Grantor on the _____ day of _____, _____.

SWORN TO at the _____)
of _____ and Province _____)
of _____ this _____ day)
of _____, _____ .)

BEFORE ME:

_____)
Notary Public in and for the
Province of _____)
(affix seal)

Also, two original Powers of Attorney have to be signed by two authorized officers of the Issuer or Registered Holder, as applicable, under corporate seal and affidavits of execution sworn before a notary public in the following form:

FORM 45

AFFIDAVIT OF CORPORATE EXECUTION

Land Titles Act, S.N.B. 1981, c. L-1.1, s.55 (as amended or replaced)

I, _____ deponent _____, of _____ address _____, _____ occupation of other identification, make oath and say:

1. That I am the _____ office _____ of [Insert name of Issuer or Registered Holder] (the “Grantor”) _____, and am authorized to make this affidavit and have personal knowledge of the matters hereinafter deposed to;
2. That the attached instrument was executed by (_____ name _____ as office _____ and) me as _____ office _____, and _____ I was or we were _____ duly authorized to execute the instrument on behalf of the Grantor;
3. That the seal of the corporation was affixed to the instrument by order of the Board of Directors of the Grantor;
4. That the instrument was executed at _____ place _____ on _____ date _____;
5. That the ownership of a share of the Grantor does not entitle the owner thereof to occupy any parcel of land as a matrimonial home.

SWORN TO at _____ Place)
 on month _____, day _____, _____,)
 before me: _____)
 _____)

Deponent

_____) _____
 Commissioner, etc. _____)

Yukon

Two original Powers of Attorney have to be signed by an authorized officer(s) of the Issuer or Registered Holder, as applicable, under corporate seal or with the following affidavits attached:

CANADA)
 YUKON TERRITORY)
) AFFIDAVIT OF EXECUTION
)

TO WIT:

I, _____, of the City of _____,
 in the _____, MAKE OATH AND SAY:

1. THAT I was present and did see the within instrument duly signed and executed by, _____ the party thereto, for the purposes named therein.
2. THAT the within instrument was executed at the City of _____ aforesaid.
3. THAT I know the said party and s/he is of the full age of 19 years.
4. THAT I am the subscribing witness to the said instrument and am of the full age of 19 years.

_____)
 SWORN BEFORE ME at the city of _____)
 _____ in the _____)
 _____ this _____ day)
 of _____, _____)
 _____)

A Notary Public in and for the

ACKNOWLEDGEMENT OF OFFICER OF CORPORATION

I HEREBY CERTIFY that on _____, _____, at the
 City of _____, in the _____ who is/are
 personally known to me appeared before me and acknowledged to me that _____
 _____ is/are _____ of _____
 _____ and that _____ name(s) on behalf of [Insert name
 of Issuer or Registered Holder] (the "Grantor") to the within Instrument, that _____
 was/were authorized to subscribe _____ name(s) and that the Grantor exists at the
 date the within Instrument was executed by the Grantor.

IN TESTIMONY WHEREOF I have
 hereunto set my hand and seal of office
 at the City of _____
 in the _____, on _____,
 _____.

A Notary Public in and for the

Northwest Territories

Two original Powers of Attorney have to be signed by an authorized officer(s) of the Issuer or Registered Holder, as applicable, under corporate seal or with the following affidavits attached:

CANADA)
 NORTHWEST TERRITORIES)
 TO WIT:) AFFIDAVIT OF EXECUTION
)

I, _____, of the City of _____,
 in the _____, MAKE OATH AND SAY:

1. THAT I was present and did see the within instrument duly signed and executed by _____, the party thereto, for the purposes named therein.
2. THAT the within instrument was executed at the City of _____ aforesaid.
3. THAT I know the said party and s/he is of the full age of 19 years.
4. THAT I am the subscribing witness to the said instrument and am of the full age of 19 years.

SWORN BEFORE ME at the City of _____)
 _____ in the _____)
 _____ this _____ day)
 of _____, _____ .) _____
 _____)

A Notary Public in and for the

**AFFIDAVIT VERIFYING
CORPORATE SIGNING AUTHORITY**

CANADA)
NORTHWEST TERRITORIES)
TO WIT:)
)

I, _____, of the City of _____,
in the _____, MAKE OATH AND SAY THAT:

- 1. I am an officer of [Insert name of Issuer or Registered Holder] (the "Grantor") named in the within instrument.
- 2. As an officer of the Grantor, I am authorized by the Grantor to execute the instrument without affixing a corporate seal.

SWORN BEFORE ME at the City of _____)
_____, in the _____)
of _____ this _____ day)
of _____, _____)
_____)

A Notary Public in and for the

Nunavut

Two original Powers of Attorney have to be signed by an authorized officer(s) of the Issuer or Registered Holder, as applicable, under corporate seal or with the following affidavits attached:

CANADA)
 NUNAVUT)
 TO WIT:) AFFIDAVIT OF EXECUTION
)

I, _____, of the City of _____,
 in the _____, MAKE OATH AND SAY:

1. THAT I was present and did see the within instrument duly signed and executed by _____, the party thereto, for the purposes named therein.
2. THAT the within instrument was executed at the City of _____ aforesaid.
3. THAT I know the said party and s/he is of the full age of 19 years.
4. THAT I am the subscribing witness to the said instrument and am of the full age of 19 years.

SWORN BEFORE ME at the City of _____)
 _____ in the _____)
 _____ this _____ day)
 of _____, _____) _____
 _____)

A Notary Public in and for the

**AFFIDAVIT VERIFYING
CORPORATE SIGNING AUTHORITY**

CANADA)
NUNAVUT)
TO WIT:)
)

I, _____, of the City of _____,
in the _____, MAKE OATH AND SAY THAT:

- 1. I am an officer of [Insert name of Issuer or Registered Holder] (the "Grantor") named in the within instrument.
- 2. As an officer of the Grantor, I am authorized by the Grantor to execute the instrument without affixing a corporate seal.

SWORN BEFORE ME at the City of _____)
_____ in the _____)
_____ this _____ day)
of _____, _____ .) _____
_____)

A Notary Public in and for the

Part E

Reference Material

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Appendix 1 NHA MBS Certificate

CMHC Pool No.: _____	CUSIP: _____
Certificate No.: _____	Issuer: _____
Date of Issue: _____	Date of Maturity: _____
Registered Owners (Hereinafter referred to as the “Investor”): _____	Initial Certificate Principal Amount: _____
Date of Final Payment: _____	Initial Aggregate Principal Amount of Pool: _____
Interest Rate (Calculated semi-annually not in advance/monthly, not in advance): _____	Weighted Average Mortgage Amortization: _____

This NHA MBS Certificate (hereinafter referred to as the “Certificate”) represents the transfer to CMHC as trustee on behalf of the Investor by the Issuer of an undivided beneficial ownership interest in residential mortgage loans in a mortgage loan pool identified by the number shown above (hereinafter referred to as the “Pool”).

The Pool is sold by the Issuer to CMHC on a fully serviced basis. Subject to the spread retained by the Issuer, this Certificate hereby entitles the Investor whose name appears on the register maintained by the Central Payor and Transfer Agent, {INSERT NAME}(hereinafter referred to as the “CPTA”), and the Investor’s registered assigns (hereinafter referred to as “the Holder”) to receive principal and interest on the mortgage loans comprising the Pool less a spread as more fully described on this Certificate. The Issuer undertakes toward the Holder to remit monthly to the CPTA the payments of principal and interest accrued and due on the Pool, as set forth in this Certificate and in accordance with the terms and conditions of this Certificate. The interest so remitted shall be at the interest rate specified above. The Issuer undertakes towards the Holder to make the payments to the CPTA due on the Certificate on their due dates even if the corresponding amounts have not been paid and collected in respect of the Pool.

NHA Guarantee of Timely Payment

CMHC as agent of His Majesty in right of Canada undertakes to make payment of principal and interest in respect of any such NHA MBS in default of the Issuer fulfilling such obligation of timely payment to investors or their representative. Such Guarantee is a surety and is referred to hereafter as the CMHC Guarantee.

CMHC as agent of His Majesty in right of Canada guarantees the timely payment of principal and interest set forth in this Certificate in accordance with terms and conditions applicable to the NHA MBS, pursuant to the powers given to CMHC in sections 4 and 14 of the National Housing Act, R.S.C. 1985, as amended, which expressly provide that “Every right or obligation acquired or incurred by the Corporation under this Act, whether in its name or in the name of His Majesty, is a right or obligation of His Majesty”, (Section 4), and the Corporation “may guarantee payment of any or all principal and interest, or both, in respect of securities issued on the basis of housing loans” (Section 14). It is certified that no provisions of any law or contract adversely affects the rights of the holder to the benefit of this guarantee.

Appendix 1 NHA MBS Certificate

This Certificate is not valid unless countersigned

Dated:

Countersigned and Registered:
Computershare Trust Company of Canada
Central Payor and Transfer Agent

CANADA MORTGAGE AND HOUSING
CORPORATION

per

Authorized signature

President

The Issuer has segregated a number of residential mortgage loans insured against Borrower default into the Pool. This Certificate, on the date of its issue, represents an investment in the Pool by the Holder of the amount shown on the face of this Certificate, and represents an undivided ownership interest of the Holder in the Pool.

The aggregate of the initial principal amount of all the Certificates composing this NHA MBS issue is equal to the initial aggregate principal amount of the mortgage loans in the Pool at the date of issue. The proportion between the initial principal amount of this Certificate and the initial aggregate principal amount of the mortgage loans in the Pool at the date of issue determines the undivided share of the Holder in the Pool and determines the share due to the Holder of all amounts of principal and interest recovered or due on the mortgage loans in the Pool.

All the mortgage loans and related security in the Pool have now been assigned by the Issuer to CMHC and CMHC has declared itself trustee on behalf of Holders.

The Holder, in purchasing an ownership interest in the CMHC guaranteed Pool, agrees to CMHC acting as its trustee with respect to the holding of ownership in the mortgage loans and related security comprising the Pool and in the enforcement of any rights against the Issuer with respect thereto. If and to the extent payment is made under the CMHC Guarantee to the Holder, such trust shall terminate and CMHC will no longer hold such ownership as trustee on behalf of Investors. Instead, such ownership shall be solely CMHC's, as agent of His Majesty in right of Canada, and all rights against the Issuer will be subrogated to CMHC. The CMHC Guarantee is a suretyship.

In the event of any failure, delay or default under the terms of this Certificate, while the Issuer remains directly responsible and liable for such failure, delay or default towards the Holder, the Holder has the option of recourse to CMHC and His Majesty in right of Canada, as provided in the CMHC Guarantee of timely payment set out on the face of the Certificate, without having to first or jointly claim against the Issuer.

The CPTA has been retained to keep a register, (the "Register") of the ownership of this Certificate and to issue payment to the Holder thereof on their due dates.

The Issuer will administer or cause to be administered the mortgage loans in the Pool. The Issuer undertakes towards the Holder to remit monthly to the CPTA the payments of principal and interest accrued and due on the mortgage loans in the pool. The Issuer also undertakes towards the Holder to make payments to the CPTA due on the Certificate on their due dates even if the corresponding amounts have not been paid to the Issuer and collected by it in respect of the Pool. However, an amount is retained by the Issuer equal to any excess comprising the difference between the amount of interest accrued on the pooled mortgage loans in the Pool and the amount of interest payable to the Holders in relation to the Pool at the rate specified on the face of the Certificates and, as specified in the mortgage loan documents and the information circular, any applicable penalties for early repayment that are to be paid/passed to the Holders.

The Holder will receive the share relative to this Certificate of any principal amounts received over and above the scheduled amounts from the mortgage loan borrowers. Such amounts may be received from time to time by way of prepayments or other payments, such as liquidations due to borrower default or destruction of the property, consistent with the provisions of the mortgage documents and information circular and shall be remitted to the Holder on their due date, typically on the due date of the month following receipt of such amounts from the borrower.

Payments on this Certificate will be made in monthly instalments and shall be applied first to interest accrued at the rate shown on the face of the Certificate and then in reduction of the principal balance outstanding at the time. Such payments shall continue until payment in full has been made of the principal amount and of all interest payable in accordance with the terms of the Certificate. The total outstanding may in no circumstances be called for payment by the Holders before the maturity date on the face of the Certificate but on that maturity date the total outstanding will automatically become payable to the Holder.

The maturity date as set out on the face of the Certificate may also be superseded by an earlier maturity date if the final payment on the last outstanding mortgage(s) in the Pool occurs earlier than provided for at the Issue Date. The Holder will be notified promptly in such an event.

Until the maturity date, the CPTA shall remit, to the Holder whose name appears on the Register on the last day of the month immediately preceding the month of the respective payment, all payments required under this Certificate by the fifteenth (15th) day of each calendar month.

Provided however that where the fifteenth (15th) day of a calendar month is not a Business Day, the CPTA shall remit the payment required under this Certificate on the first Business Day following the 15th. A Business Day is a day on which banks are open for business in Toronto, Ontario, other than a Saturday, Sunday or public holiday. The first such payment will be made in the month following the month in which the Date of Issue hereof occurs and payments will continue to be made until payment in full has been made of all amounts owing under this Certificate. Remittances shall be made by the CPTA to the Holder and final payment shall be made only upon surrender of this Certificate. No interest will accrue beyond the maturity date of this Certificate.

This security is fully transferable and assignable but only on the Register. The Holder or its duly authorized representatives may transfer ownership or obtain the denominational exchange of this Certificate on the Register, upon surrender of this Certificate to the CPTA, if this Certificate is duly endorsed by the Holder using the form of assignment hereon (or any other instrument of transfer or assignment acceptable to CPTA). A service charge in an amount determined by the CPTA shall be imposed for any registration of transfer or assignment or denominational exchange of a Certificate and a payment sufficient to cover any tax or governmental charge in connection therewith may also be required. The Certificate is transferable at the principal office of the CPTA in Halifax, Montreal, Toronto, Winnipeg, Calgary or Vancouver.

The CPTA indicated on the face of the Certificate has been authorized by the Issuer and CMHC to countersign the Certificate and the CMHC Guarantee set out on the face of the Certificate on their behalf and to maintain a Register of all transfers of the Certificates in this issue and to make all payments made pursuant to their provisions.

Appendix 1 NHA MBS Certificate

Form of Assignment

FOR VALUE RECEIVED _____ hereby sell(s), assign(s) and transfer(s) unto

 Assignee name, address and Social Insurance Number

all my rights, titles and interests in and to the within Certificate; and hereby constitute and appoint the said

 as my attorney irrevocable in the premises to do and perform all acts, matters and things relating to the Certificate in the same manner as I could do.

Dated: _____

By _____

Signature (and title if Holder is a corporation)

Witness _____

Notice: The signature of the individual Holder or the name of the corporate Holder must correspond with the name as written upon the face of the within Certificate in every particular without alteration or enlargement or any change whatever.

Appendix 2 Rules on NHA MBS Marketing and Trading

I. General

This Appendix supplements the NHA MBS Marketing and Trading Requirements in Chapter 9 of the NHA MBS Guide and sets forth basic securities marketing and trading rules established by CMHC. The observance of these rules is a condition with which each Issuer must comply if it does not wish to be excluded from participation in the NHA MBS Program. The rules are intended to assure that Issuers will carry out their marketing and trading activities under the Program in a manner consistent with prudent business practices and with the capacity of their firms and of their counterparts in the market.

II. Definitions

In this Appendix, the following terms have the indicated meanings:

1. “*Securities*” means any security guaranteed by CMHC pursuant to Section 14 of the *National Housing Act*.
2. “*Settlement date*” means the date agreed upon by the parties to a transaction for the full and final payment of funds and delivery of securities or the date on which the parties make full and final payment of funds and delivery of securities.
3. “*Trade date*” means the date on which the parties to a transaction agree to the purchase or sale of securities, regardless of the date on which the securities are to be delivered or the right to deliver them may be exercised.
4. “*Final pricing date*” means the date at which all mortgages in committed Pools shall be fully funded and the Issuer will have available a complete and final description of the mortgages supporting these Pools. Such description shall include all details required in the CMHC Information Circular.
5. “*Spot transaction*” means a transaction where all the requirements of the Final Pricing Date can be met immediately by the Issuer.
6. “*Delayed delivery transaction*” means a transaction for the purchase or sale of one or more NHA MBS Certificates to be delivered at an agreed future settlement date with a trade date prior to the final pricing date. Such transactions can be structured in at least three different forms:
 - A. “*Forward contract*” means a contract for the purchase or sale of one or more NHA MBS Certificates to be delivered at an agreed settlement date and at a specified yield agreed to prior to the final pricing date.
 - B. “*Spread contract*” means a contract for the purchase or sale of one or more NHA MBS Certificates to be delivered at an agreed settlement date and to be priced at the final pricing date, based upon a specific yield spread relationship with Government of Canada bond, or yields of other investment vehicles, as clearly specified in the contract.
 - C. “*Capped spread contract*” means a spread contract with the added feature that the pricing is subject to a maximum and/or minimum all-in yield to the Issuer and/or underwriter.

III. Suitability of Issuer Marketing and Trading Transaction

An Issuer shall enter into agreements to purchase or sell securities only to the extent the transactions are suitable for the Issuer in view of its financial capacity and existing contractual obligations, including contracts with CMHC. An Issuer shall not enter into any agreement to purchase or sell securities if the result of the transaction could materially jeopardize the Issuer’s ability to continue to satisfy CMHC’s required net worth or enhanced required net worth requirements (as applicable) or the Issuer’s ability to continue to administer its outstanding securities.

IV. Prudent Business Practices

Issuers are required to exercise sound and prudent business practices in the marketing and trading of securities. The following rules apply to Issuers' direct relationships with all investment dealers, individuals, corporations, trusts and other entities to which the Issuer delivers, or makes commitments to deliver or purchase securities.

Issuers must make provisions for the management elements listed below¹ to assure prudent business practices in the issuance of, and in the making of commitments relating to, securities.

1. Procedures must be established by Issuers to provide the basis for determining the financial integrity of the securities dealers and investors with whom they conduct business, and to assure that relationships with dealers and investors are carried out in a business-like manner. These procedures must be in written form and be provided to all members of the Issuer firm empowered to make commitments to deliver or acquire securities.

The procedures must include standards for, and steps to be taken in, determining the financial capacity of dealers or investors to complete a transaction and in determining the business reputation of the dealers or investors. While CMHC does not prescribe specific procedures, it is recommended that Issuers do the following as a minimum:

- A. Obtain and review audited financial statements with a view toward assuring the adequacy of the dealer's or investor's capital.
 - B. Obtain financial and business references on the dealer's or investor's firm.
 - C. Obtain a general resolution of the Board of Directors (or other governing body) of the dealer's or investor's firm designating the specific individuals associated with the dealer or investor who are authorized to carry out transactions in securities.
 - D. Know and understand the standard business practices and trading ethics encouraged by the securities industry. Determine whether the firms under review follow these practices.
2. Procedures must be taken to assure delivery against delayed delivery transactions. When mortgages are not funded at time of the commitment, the Issuer will be responsible for fulfilling its commitment if the mortgages do not fund.
 3. Internal management controls must be established to assure coordination of forward delivery contract activities, but also control on the Issuer's market positions, and on the competence and integrity of staff. The controls that the Issuer must have or put in place include the following:
 - A. The Board of Directors of the Issuer must execute a resolution designating a key person or persons responsible for the overall supervision and coordination of Issuer activities relating to the marketing and trading of securities, including the maintenance of records on such activities.
 - B. In addition, the Issuer must have a procedure for designating the specific individuals authorized to make commitments involving purchases or sales of securities in the name of the Issuer. The key person(s) must maintain a list of such authorized individuals. Only such designated person(s) shall be permitted to enter into agreements on behalf of the Issuer to make commitments to deliver or to acquire securities.

¹ Section (1) (A), (B), (C) and (D) of this part do not apply if the Issuer is dealing with members of a recognized self-regulatory organization (S.R.O.) in the Canadian securities industry or a Canadian institution regulated under federal or provincial statutes.

C. Records must be established and maintained on a current basis for all commitments entered into to deliver or acquire securities. Such records shall include the following at a minimum for each transaction:

- Trade date
- Description of securities
- Nature of transaction: spot or forward
- Settlement date
- Original principal amount of securities
- Interest rate on the securities
- Maturity date of securities
- “Price” of the securities (per \$100 of original principal)
- Remaining Principal Balance factor
- Accrued interest
- Total settlement amount
- Name of the firm and individual with whom the transaction was executed
- Current market price
- Prepayment provisions

D. In addition, the records must include the following with respect to an Issuer’s aggregate open transactions in securities:

The Issuer’s “net position”. The specific definition of “net position” is left to the Issuer; however, it should include securities closed and held for sale, plus those expected to be acquired, less commitments the Issuer has available for disposing of loans and securities. The Issuer’s “net position” must be calculated and recorded at least once each week.

- E. Establish and record all of the terms and conditions of each delayed delivery contract entered into. Check all confirmations to assure they are complete.
- F. All of the above records must be maintained for a period in accordance with established procedures for comparable records, but for no less than one year from the date the sale or purchase is actually completed, or the transaction is otherwise terminated.

V. Trading, Contracting and Settlement Rules

All Issuers are subject to the rules established by the Investment Industry Regulatory Organization of Canada (IIROC) when trading in the secondary markets. Refer to IIROC website for the most updated version of these rules.

VI. Reports to CMHC

Issuers must be prepared to report to CMHC, upon demand by CMHC, on their compliance with the requirements of this Appendix. The call for such reports may be made by any authorized representative of the President of CMHC and may be delivered by mail or to the Issuer’s offices. Reports requested by CMHC may include, but are not limited to, the following:

1. Procedures established to determine the financial capacity of dealers and investors, including an explanation of standards for, and steps taken in, determining the financial capacity of dealers or investors to complete transactions.
2. The names of key persons and other individuals authorized to make commitments involving securities.
3. Copies of the resolutions designating the key persons.
4. Records of all securities transactions and of “net position”, including all the information identified in section IV. (3) (C) and (D) above.

5. Copies of delayed delivery contracts and records.

Information on securities transactions may contain data that the Issuer does not wish to be disclosed to the public. Accordingly, an Issuer may identify data that it regards as confidential, commercial or financial information, through the use of the legend set forth below. In responding to an *Access to Information Act* request for information covered by a legend, CMHC will honour the Issuer's desire for confidentiality to the extent permitted by law.

"The information contained in page(s) _____ of this report is considered by the Issuer as financial, commercial or technical information supplied to a government institution by the Issuer and is treated consistently in a confidential manner by the Issuer. The disclosure of any such information in its opinion could reasonably be expected to result in material financial loss to the Issuer or to prejudice its competitive position or interfere with contractual or other negotiations in which it is or may become involved. Therefore, the Issuer does not consent to the disclosure of this report to the public. The Issuer understands that:

- A. CMHC will make every effort to honour this legend in responding to any *Access to Information Act* request for materials covered by the legend;
- B. Notwithstanding the above, CMHC must independently determine whether disclosure of any such material is necessary in light of the requirements of the *Access to Information Act*; and
- C. CMHC will disclose any and all requested material covered by an Issuer's legend if it determines that such disclosure is required by the *Access to Information Act*."

VII. Report to Central Payor and Transfer Agent

Issuers shall deliver all required information on Pools (whether sold publicly or not) to the CPTA. The Issuer is also responsible for providing other parties, as and where appropriate, with Pool information required for the marketing and trading of NHA MBS.

VII. Failure to Comply

Failure by an Issuer to comply with the requirements of this Appendix is sufficient basis for CMHC, at its option, to withhold from the Issuer further approvals to issue NHA MBS.

Appendix 3 Remittance Advice and Sample Cheque

The Central Payor and Transfer Agent will provide each security owner with a remittance advice. This advice will be transmitted with the monthly cheque (where applicable) and will contain the following information:

- applicable date of payment
- reference number for the applicable mortgage Pool
- CUSIP number for the applicable mortgage Pool
- cash distribution due to owner for principal amortization
- cash distribution due to owner for interest
- total cash distribution due to security owner
- outstanding balance on the security holding following reconciliation of the above amounts
- any explanation required in regard to the above items

Appendix 4 Issuer Assignment Agreement

_____ (hereinafter called Assignor)
(Name of Seller)

_____ (hereinafter called Assignee)
(Name of Buyer)

As of the _____ day of _____, _____, undertake and mutually agree as follows:

Warranties

Section 1.01. Assignor and Assignee each represents, warrants and agrees that as of the date of this Agreement:

- A. It is duly organized validly existing, and in good standing under the laws of its jurisdiction of organization, and has the requisite power and authority to enter into this Agreement and the agreements to which it is a party contemplated by this Agreement.
- B. This Agreement has been duly authorized, executed and delivered by it to the other party and constitutes a valid and legally binding agreement of it enforceable in accordance with its terms, upon being signed by CMHC.
- C. There is no action, proceeding, or investigation pending or threatened, nor any basis therefore known to it, that questions the validity or prospective validity of this Agreement insofar as the Agreement relates to it, or any essential element upon which this Agreement depends, or any action to be taken by it pursuant to this Agreement.
- D. Insofar as its capacity to carry out any obligation under this Agreement is concerned, it is not in violation of any provision of any charter, certificate or incorporation, by-law, mortgage, indenture, indebtedness, agreement, instrument, judgment, decree, order, status, rule, or regulation, and there is no such provision that adversely affects its capacity to carry out any such obligation. Its execution of, and performance pursuant to, this Agreement will not result in such violation.

Section 1.02. Assignor represents and warrants to Assignee that as of the date of execution of this Agreement, Assignor is an Issuer of National Housing Act (NHA) Mortgage-Backed Securities (“NHA MBS”) guaranteed by Canada Mortgage and Housing Corporation (hereinafter referred to as “CMHC”) under the terms and provisions of the NHA MBS Guide (“the Guide”), with respect to mortgage Pool(s) identified on CMHC’s and Assignor’s records as the Pool(s) numbered as set forth on the attached Exhibit A. As used herein, the term “Pool(s)” shall be deemed to include Pool(s).

Section 1.03. Assignee represents and warrants to Assignor that as, of the date of execution of this Agreement, Assignee is an eligible Issuer of NHA MBS.

Section 2.01. Assignor, under contractual agreement(s) with CMHC, has assigned to CMHC all right, title and interest to the loans and related security which are identified and described in the Schedule(s) of Mortgages respecting the Pool(s) numbered as shown on the attached Exhibit A (the “Mortgages”), and CMHC has given to the Assignor the right to hold nominal title to the Mortgages for the sole purpose of facilitating their servicing. Assignor transfers and assigns to Assignee all of Assignor’s right, title and interest in and to the Mortgages and Assignee agrees to such transfer and assignment. Further, by executing this Agreement, Assignee acknowledges and affirms that under Assignor’s previous assignments to CMHC, all right, title and interest in and to the Mortgages is vested in CMHC, and thus the Assignee acquires only the right to hold nominal title to the Mortgages for the sole purpose of facilitating their servicing and undertaking duties and obligations of Issuer of such Mortgages.

Section 2.02. Assignor assigns to Assignee all of its rights, obligations, title and interest in, to and under the Guaranty Agreement(s) and/or Contractual Agreement(s) evidenced by the appropriate CMHC forms respecting the Pool(s). Assignee accepts such assignment and signifies its assumption on this date of all duties and obligations (from the effective date of such Guaranty Agreement(s) and/or Contractual Agreement(s)) of the Assignor as “Issuer” under such Agreement(s).

IN WITNESS WHEREOF, Assignor and Assignee, on the day and year first hereinabove written, have caused their seals to be affixed on this instrument to be signed on their behalf by their duly authorized officers.

WITNESS

Print in Seal
BY: _____
(Assignor)

WITNESS

BY: _____
(Assignee)

(Insert here notarized acknowledgements of Assignor and Assignee appropriate to the form(s) of organization of the parties and the jurisdiction(s) where the Agreement is executed.)

In accordance with the Guaranty Agreement(s) and/or Contractual Agreement(s) between Assignor and CMHC and the provisions of the Guide, CMHC approves and consents to the above-described assignment to Assignee of Assignor's rights, title, and interest in, to and under the described mortgages, Guaranty Agreement(s) and/or Contractual Agreement(s), and the above-described assumption by Assignee of Assignor's duties and obligations under the Guaranty Agreement(s) and/or Contractual Agreement(s). From this date forward Assignee shall be the “Issuer” under the Pool(s) identified on Exhibit A.

Approved this _____ day of _____, _____.

CANADA MORTGAGE AND HOUSING CORPORATION

BY:

Appendix 5 Net Worth

1. Definition

For the purposes of this section, adjusted net worth is defined as follows: Unadjusted net worth less ineligible assets included on the balance sheet of the institution. Where an Issuer has one or more subsidiaries that also participate in the NHA MBS Program as Issuers, the adjusted net worth for each subsidiary (as defined below) multiplied by the Issuer's *pro rata* ownership of the subsidiary must be subtracted from that of the Issuer in its adjusted net worth calculation.

2. Unadjusted Net Worth

Unadjusted net worth is the sum of share capital, retained earnings and contributed surplus. Where applicable and in the case of credit unions/caisses populaires, unadjusted net worth is the sum of share capital, undivided earnings and reserves, if any. Share capital shall include preferred shares, provided that such shares, are perpetual, non-cumulative and non-redeemable by either holder or issuer.

3. Adjusted Net Worth of Subsidiaries

Where an Issuer has one or more subsidiaries that also participate in the NHA MBS Program as Issuers, adjusted net worth of each subsidiary is defined as follows: Unadjusted net worth less ineligible assets included on the balance sheet of the subsidiary.

4. Ineligible Assets

Based on the standards applied in preparing the financial statements, the following assets are ineligible:

A. Pledged assets:

- i. assets reflected in the institution's balance sheet which are pledged by a third party (by way of a General Security Agreement (GSA) or otherwise) as security; and
- ii. owned assets reflected in the Issuer's balance sheet that are pledged to a third party (by way of a GSA or otherwise) to secure specific obligations to a third party (including for contingent liabilities – such as guarantees of related parties), but only to the extent the liabilities (including contingent liabilities) they secure are not also fully reflected in the institution's balance sheet;

CMHC is to be notified on a timely basis of the maximum amounts authorized to be secured by a GSA or other form of pledge of assets, if they are not disclosed in the financial statements provided to CMHC, and CMHC must also be notified of any changes to the authorized amounts when they occur.

B. Assets due from related parties: any assets consisting of obligations due from owners or officers of the institution or from related entities in which the owners or officers have an interest;

C. Marketable securities: any amount by which the book value of marketable securities exceeds the lower of cost or market value of such securities;

For Issuers that are insurance companies CMHC has accepted the following definition of Marketable Securities in the computation of adjusted net worth:

- For assets backing insurance contract liabilities that are classified as fair value through profit and loss where changes in the fair value of the assets and offsetting changes in the insurance contract liabilities are reflected in retained earnings, no adjustments are required in the computation of an Issuer's adjusted net worth.
- For marketable securities not classified as fair value through profit and loss where changes in the fair value of the assets are not reflected in retained earnings, any amount by which the book value of marketable securities exceeds the lower of cost or market value of such securities should be categorized as an ineligible asset in the computation of an Issuer's adjusted net worth.

- D. **Mortgages:** any amount by which the book value of mortgages in foreclosure exceeds the net realizable value of such mortgages and any amount by which the book value of the property acquired through foreclosure exceeds the net realizable value of such property;
- E. **Investment in entities other than marketable securities:** any amount by which the book value of an investment in entities, including joint ventures and associates, other than marketable securities, exceeds the value of such investment as determined under the equity method of accounting;
- F. **Investment in associates:** where an associate also participates in the NHA MBS Program as an Issuer, the investment amount in that associate recorded on the Issuer's balance sheet.
- G. **Intangibles:** goodwill and other intangibles including organization costs;
- H. **Loans other than mortgages:** any loans other than mortgage loans, the amount by which the book value of such loans exceeds their estimated realizable value;
- I. **Receivables under lease contract:** any receivables under a lease contract which have a recorded value in excess of their estimated realizable value; and
- J. **Subsequent events:** any amount by which net assets would be reduced if a subsequent event was reflected in the balance sheet.
5. **Required Net Worth**
Required net worth is the sum of:
- \$3 million, plus
 - 2% of the aggregate principal amount of NHA MBS outstanding at the reporting date, plus
 - 2% of the aggregate principal amount of NHA MBS that have been approved but not issued, plus
 - 2% of the aggregate principal amount of NHA MBS that are the subject of the application with which the computation of net worth is submitted.
6. **Enhanced Required Net Worth**
Enhanced required net worth is the sum of:
- \$6 million, plus
 - 4% of the aggregate principal amount of NHA MBS outstanding at the reporting date, plus
 - 4% of the aggregate principal amount of NHA MBS that have been approved but not issued, plus
 - 4% of the aggregate principal amount of NHA MBS that are the subject of the application with which the computation of enhanced required net worth is submitted.
7. **Filing Requirements**
A computation of net worth shall be submitted on each of the following occasions:
- with the Application for Participation as an NHA Mortgage Backed Securities Issuer [CMHC 2802](#); and
 - each year thereafter, as long as NHA MBS issued by the institution are outstanding.

8. Reporting Date

The reporting date, at which the net worth must be computed, is as follows:

- A. when submitted with the [CMHC 2802](#) – as at the most recent fiscal year-end; and
- B. annually, as at the most recent fiscal year-end.

9. Form

The computation of net worth shall be in a format similar to that set out in Schedule I.

10. Certification

Each computation of net worth must be accompanied by a certification by the chief financial officer or other authorized officer of the Issuer and confirmation that it was examined/verified by its auditors in a format as set out in Schedule II. To satisfy the annual requirement for having the statement of net worth “examined/verified” by auditors, the Issuer must either (1) have the auditor sign the Issuer’s Report submitted to CMHC; or (2) provide CMHC with the auditor’s report prepared in relation to the assurance or procedures engagement performed on the Issuer’s calculation of adjusted net worth, as defined in this Appendix.

CMHC may, in its sole discretion, require the Issuer to provide additional information to support the net worth calculation submitted and/or may require changes to and/or further auditing of the computation of net worth.

11. Audit

CMHC may also request that the computation of net worth be audited by auditors selected by CMHC. The form of communication is set out in Schedule III.

Appendix 5 Net Worth

Computation of Adjusted Net Worth Schedule I

Institution's Name _____

As at _____

Unadjusted net worth	
Share capital	XX
Retained earnings	XX
...	XX
	XX
Less	
Ineligible assets	
...	XX
...	XX
...	XX
...	XX
	XX
	XX
	XX
Less	
Total adjusted net worth of subsidiaries – pro rata ownership	XX
Adjusted net worth	<u>XX</u>
Required net worth	
Minimum	\$3,000,000
Plus	
Outstanding principal balance of issued securities	XX
Aggregate principal of securities approved but not issued	XX
Aggregate principal of securities for which approval is now sought	XX
TOTAL	XXX
2% of Total	XX
Enhanced required net worth	XXX
The adjusted net worth must be equal to or greater than the enhanced required net worth to satisfy Program requirements.	

Appendix 5 Net Worth

Schedule I

Explanatory Notes

“Institution’s name” is the full legal name of the institution.

“As at” is the reporting date as described in Part E, paragraph 8 of Appendix 5 – Net Worth.

Unadjusted net worth should agree with the corresponding numbers on the audited financial statements.

Ineligible assets should be listed by the categories included in paragraph 4 of Part E Appendix 5 – Net Worth.

Appendix 5 Net Worth

Schedule II

Issuer’s Report

The computation of net worth of _____ [insert institution’s name] _____ as at _____, _____, has been made in accordance with the provisions of Part E, Appendix 5 – Net Worth, of the NHA MBS Guide and it presents accurately the adjusted net worth and required net worth of _____ [insert institution’s name] _____, as examined and verified by the auditors of _____ [insert institution’s name] _____.

Signed _____
Chief Financial Officer or other authorized officer.

Examination and verification is hereby confirmed:

Signed _____
Per [audit firm name]

Appendix 5 Net Worth

Schedule III

If an audit of the computation of net worth is required, the auditor’s communication should be in accordance with CAS 805, Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement. Where there are future changes to CAS 805 or where it no longer applies, CMHC is to be consulted on the form of the auditor’s report.

Appendix 5 Net Worth

Computation of Enhanced Adjusted Net Worth Schedule IV

Institution's Name _____

As at _____

Unadjusted net worth	
Share capital	XX
Retained earnings	XX
...	XX
	XX
Less	
Ineligible assets	
...	XX
...	XX
...	XX
...	XX
	XX
	XX
	XX
Less	
Total adjusted net worth of subsidiaries – pro rata ownership	XX
Adjusted net worth	<u>XX</u>
<hr/>	
Required net worth	
Minimum	\$6,000,000
Plus	
Outstanding principal balance of issued securities	XX
Aggregate principal of securities approved but not issued	XX
Aggregate principal of securities for which approval is now sought	XX
TOTAL	XXX
4% of Total	XX
Enhanced required net worth	XXX
<hr/>	
The adjusted net worth must be equal to or greater than the enhanced required net worth to satisfy Program requirements.	

Appendix 5 Net Worth

Schedule IV

Explanatory Notes

“Institution’s name” is the full legal name of the institution.

“As at” is the reporting date as described in paragraph 8, Part E of Appendix 5 – Net Worth.

Unadjusted net worth should agree with the corresponding numbers on the audited financial statements.

Ineligible assets should be listed by the categories included in Part E, paragraph 4 of Appendix 5 – Net Worth.

Appendix 5 Net Worth

Schedule V

Issuer’s Report

The computation of net worth of _____ [insert institution’s name] _____ as at _____, _____, has been made in accordance with the provisions of Part E, Appendix 5 – Net Worth, of the NHA MBS Guide and it presents accurately the adjusted net worth and required net worth of _____ [insert institution’s name] _____, as examined and verified by the auditors of _____ [insert institution’s name] _____.

Signed _____
Chief Financial Officer or other authorized officer.

Examination and verification is hereby confirmed:

Signed _____
Per [audit firm name]

Appendix 6 CPTA Fees and Charges

Central Payor and Transfer Agent Fees

As provided for in this Guide, the Central Payor and Transfer Agent – Computershare Trust Company of Canada – is entitled to collect the following maximum fees in payment for services rendered to, or on behalf of, CMHC, Issuers or Investors:

	Transfer Services	Fee	Fee Basis
1	Create New Pools – Creation of records for a new pool, including establishment of automated transfer for issuer's central P&I account and test debit of issuer's central P&I account (initially or for any subsequent change)	\$85.00	Per Pool
2	Issue initial Certificates – Initial preparation and distribution of certificates at issuance	\$10.00	Per certificate issued
3	Issue initial DCI deposit receipt – Initial preparation and distribution of deposit receipt	\$3.75	Per deposit receipt issued
4	Issue Certificates on transfer – Transfer of Certificate ownership (including cancellation of previous Certificate, preparation of new Certificate and registration; charged to presenter of Certificate)	\$10.00	Per certificate issued
5	Issue DCI deposit receipt on transfer – Transfer of deposit receipt ownership (including cancellation of previous deposit receipt, preparation of new deposit receipt and registration; charged to presenter of deposit receipt)	\$3.75	Per deposit receipt issued
6	Replace Certificates – Issuance of new Certificates to replace lost/damaged Certificates (charged to presenter of request)	\$55.00	Per certificate issued
7	Redeem Certificates – Collection and cancellation of security Certificates at maturity redemption and maintenance of records, trust accounts, etc. necessary to accommodate maturity and unclaimed Certificates (CPTA to benefit from income on uncollected Pool funds held in trust)	\$10.00	Per certificate cancelled
8	Redeem DCI deposit receipt – Cancellation of ledger position at maturity redemption and maintenance of records, trust accounts, etc. necessary to accommodate maturity and unclaimed ledger position (CPTA to benefit from income on uncollected Pool funds held in trust)	\$3.75	Per deposit receipt issued
9	Maintain Pool and investor records – Maintenance of Pool accounting information (balances, related securities and monthly transactions), maintenance of ownership records, including providing early maturity notices and processing estate transfers, ensuring timely receipt and accuracy of monthly accounting data, monitoring function relevant to partial prepayments and early liquidations, monthly transfer from Issuer's Central P&I Account, provision of regular reports to CMHC and calculation, consolidation and dissemination on a monthly basis of information necessary for the secondary trading of securities	\$9.75	Per Pool/ per month
10	Deliver investor payments – Calculation of amounts due investors (and governments, if applicable) including consolidation of payments for investors with numerous holdings; preparation of remittances (cheque or electronic transfer at the investor's option), including preparing replacements for lost cheques or redirecting electronic transfers; preparation of remittance advice's for investors; distribution of remittances and remittance advice's on the 15 th of the month or as per guide if the 14 th or 15 th are not Business Days; and remittance to governments of withholding taxes (if applicable) (CPTA to benefit from income on funds awaiting distribution and uncollected funds)	\$3.00	Per investor/ per Pool/ per month
11	Pay in US dollars – Provision of US currency accounts for only those holders requesting this service	\$0.50	Per investor/ per Pool/ per month
12	Deliver tax reports – Reports to investors are required under the <i>Income Tax Act</i> , including the preparation of replacements for lost reports	\$3.75	Per investor/ per Pool/ per annum

The cost of cheques or any other method of payment shall be borne by the CPTA. The cost of certificates shall be borne by the Corporation.

All prices and amounts of money are in Canadian dollars and are exclusive of the Goods and Services Tax (GST), Harmonized Sales Tax (HST), and Provincial Sales Tax (PST), as applicable, unless otherwise indicated. The GST, HST or PST, whichever is applicable, shall be extra and will be paid by the user of the service.

The functions of the CPTA are carried out at the offices of:

Computershare Trust Company of Canada
Corporate Trust Services
100 University Avenue, 8th Floor
Toronto, Ontario
M5J 2Y1

E-mail: mbs@computershare.com

Telephone: 1-800-564-6253

Fax Number: 416-981-9788

Appendix 7 Mortgage Formulas and Accounting Conventions

A. Formulas

I. Regular Monthly Payment Calculation

For NHA MBS accounting purposes, the following Regular Monthly Payment formula will be used to calculate the monthly payment of a pooled Loan:

$$\text{Regular Monthly Payment} = (\text{outstanding loan balance}) * \frac{SN}{(1 - \frac{1}{(1+SN)^n})}$$

Where “SN” is the Standard Monthly Nominal Rate of the Loan and “n” is the remaining amortization (in months). Formulas for converting non-monthly amortization periods to monthly amortization periods are available below in Part B – NHA MBS Accounting Conventions.

The Standard Monthly Nominal Rate (SN) can be calculated using the following formula:

$$\text{Standard Monthly Nominal Rate} = SN = \left[1 + \left(\frac{r}{CP} \right) \right]^{\left(\frac{CP}{12} \right) - 1}$$

Where “r” is the annual nominal interest rate of the Loan expressed as a decimal and “CP” (compounding period) is 2 for Loans with semi-annual compounding and 12 for Loans with monthly compounding.

II. Calculation of Amortization

The following formula can be used to calculate a Loan’s remaining amortization:

$$\text{Loan Amortization (in months)} = n = \text{AMORT}_x * \left(\frac{12}{x} \right) =$$

$$\text{AMORT}_x = \frac{\log \left[\frac{\text{PMT}}{\text{PMT} - \text{OB} * \text{RFACT}} \right]}{\log (1 + \text{RFACT})}$$

$$\text{OB} = \text{Outstanding Loan Balance}$$

$$\text{PMT} = \text{Mortgage Payment per period}$$

$$\text{RFACT} = \left[1 + \frac{r}{CP} \right]^{\frac{CP}{x} - 1}$$

$$x = \text{Number of payment periods in a year}$$

B. NHA MBS Accounting Conventions

While the above formulas are generally accepted, specific inputs such as the number of days in a year, the number of payment periods in a year and the number of decimal places are open to interpretation. Therefore, in collaboration with the MBS industry, we have established the following conventions:

Number of payment periods per year	(x)
Monthly payment	12
Bi-monthly	24
Weekly	365.25/7
Bi-weekly	365.25/14
Four-weekly	365.25/28
Number of days in a year	365.25

Converting non-monthly amortizations to monthly amortizations

$$\text{Non-monthly amortization} * 12/x = \text{Monthly amortization period}$$

Where “x” is the number of payment periods in a year

Example 1: Assume a loan has a remaining amortization of 1200 weeks. What is the remaining amortization expressed in months? Using the conversion formula above, the loan’s remaining amortization in months is:

$$1200 * 12/(365.25/7) = 275.975$$

Example 2: Assume a loan has a remaining amortization of 550 bi-weekly periods. What is the remaining amortization expressed in months? Using the conversion formula above, the loan’s remaining amortization in months is:

$$550 * 12/(365.25/14) = 252.977$$

C. Other Formulas And Conventions

- Monthly (coupon) rate factors are rounded to ten decimal places. For monthly accounting purposes, use one of the following formulas:

Fixed Rate Pools

$$\text{Monthly Factor} = [1 + (i/2)]^{(1/6)} - 1$$

Floating Rate Pools

$$\text{Monthly Factor} = i * \# \text{ of days in report month}/365$$

Where “i” is the annual coupon rate expressed as a decimal.

- Use the following formula to convert an annual rate based on non-monthly compounding to its monthly compounding equivalent:

$$R = 12\{[1+(r / CP)]^{(CP / 12)} - 1\}$$

Where “R” is the annual rate based on monthly compounding and “r” is the annual rate based on the number of compounding periods “CP”. Both “R” and “r” are expressed as decimals.

- Weighted Average Maturity, Weighted Average Mortgage Rate and Weighted Average Remaining Amortization Period are rounded to three decimal places. Rounding of the last decimal place occurs upward if the fourth digit is greater than five (5).
- Dollar amounts are rounded to two decimal places.

- Remaining Loan terms are always reported as a whole number. If a partial month occurs the number is rounded up to the next full month (e.g., 58.2 months would be reported as 59 months). In rare instances where rounding up places the calculated term in excess of the actual term, round down the actual term of the Loan (e.g., 60.02 months would be reported as 60 months).
- If there is an event that changes the payment characteristics of the Loan (e.g. payment increase), the applicable principal is passed through to the investor in the report month that the change occurred.
- For NHA MBS accounting purposes, the following formula must always hold:

$$\text{Opening Loan Balance} - \text{Principal Paid} = \text{Closing Loan Balance}$$

Average monthly UPP rate calculation methodology

To align with market convention, the calculation of the average monthly UPP rate should be standardized by applying the following formula. For greater clarity, the remaining principal after scheduled payments should exclude maturities as follows, with the corresponding field in the CMHC 2840 (Issuer's Monthly Accounting Report) referenced in the bracket:

Monthly UPP Rate =

$$\frac{\text{Partial Prepayments (3B) + Liquidations (3C)}}{\text{Month Beginning Principal Balance (3M) - Scheduled Principal (3A) - Maturities (3D)}}$$

The monthly UPP rate should be calculated at the Issuer's aggregate NHA MBS portfolio level rather than the individual pool level to provide ease of operational implementation and manage risk at the Issuer's portfolio level.

The Issuer's UPP float amount will be calculated based on the following formula:

UPP Float Amount =

$$\frac{\text{(Issuer's end of year NHA MBS aggregate principal balance)}}{\text{x (simple average monthly UPP rate over the previous calendar year)}}$$

D. Summary of the New CORRA NHA MBS Characteristics

Interest:	Paid monthly in arrears on each Payment Date, while the NHA MBS is outstanding. For each Interest Period, interest will be calculated on the basis of the actual number of days in such Interest Period and a 365-day year.
Interest Period:	Each monthly period from, and including, the 1 st day of each month to, but excluding, the 1 st day of the following month.
Payment Date:	Principal and interest shall be remitted on the securities in monthly payments on the 15 th day of each month or, where the 15 th day of a month is not a Business Day, on the first Business Day following the 15 th .
Observation Period:	In respect of each Interest Period, the period from, and including, the date two Bank of Canada Business Days preceding the first date in such Interest Period to, but excluding, the date two Bank of Canada Business Days preceding the 1 st day of the month following such Interest Period.

Interest Rate (or NHA MBS Coupon):	For each Interest Period, the rate per annum equal to One-Month Daily Compounded CORRA determined for the Observation Period in respect of such Interest Period and adding or subtracting a constant spread. The Interest Rate has a floor of 0% and with the resulting percentage rounded if necessary to the fourth decimal place, with 0.00005% being rounded upwards.
One-Month Daily Compounded CORRA:	For an Observation Period will be calculated as follows, with the resulting percentage rounded if necessary to the fifth decimal place, with 0.000005% being rounded upwards: $\text{One-Month Daily Compounded CORRA} = \left(\frac{\text{CORRA Compounded Index}_{\text{end}}}{\text{CORRA Compounded Index}_{\text{start}}} - 1 \right) * \left(\frac{365}{d} \right)$ <p>Where:</p> <ul style="list-style-type: none"> • CORRA Compounded Index_{start} = CORRA Compounded Index value on the date two Bank of Canada Business Days preceding the first date of the relevant Interest Period. • CORRA Compounded Index_{end} = CORRA Compounded Index value on the date two Bank of Canada Business Days preceding the first calendar date of the month following the relevant Interest Period. • “d” is the number of calendar days in the relevant Observation Period.
Interest Determination Date:	The date that is two Bank of Canada Business Days preceding the first calendar day of the month following the relevant Interest Period. ²
Bank of Canada Business Day:	A day that Schedule I banks under the Bank Act (Canada) are open for business in Toronto, Ontario, Canada, other than a Saturday or a Sunday or a public holiday in Toronto (or such revised regular publication calendar for an applicable rate as may be adopted by the Administrator from time to time).
Administrator:	The Bank of Canada or any successor administrator for CORRA and/or the CORRA Compounded Index or the administrator (or its successor) of another Applicable Rate, as applicable.
CORRA:	The Canadian Overnight Repo Rate Average administered by the Bank of Canada (or any successor Administrator).
CORRA Compounded Index:	The measure of the cumulative impact of CORRA compounding over time administered and published by the Bank of Canada (or any successor Administrator).
Loan Eligibility:	When a pool is issued, if Loans are referenced to CORRA, the NHA MBS coupon spread plus the reference rate must be set at a minimum of 50 basis points below the lowest Loan rate in the Pool inclusive of incentive discounts. If Loans are not referenced to CORRA, the coupon spread plus the reference rate must be set at a minimum of 60 basis points below the lowest Loan rate in the Pool inclusive of incentive discounts. The reference rate is the spot CORRA for the last Bank of Canada Business Day of the month proceeding the Issue Date, which is published on the first Bank of Canada Business Day of the issue month by the Bank of Canada.
Calculation Agent:	Approved Issuers will be responsible for calculating One-Month Daily Compounded CORRA and the Interest Rate on NHA MBS.

² Refer to accrued interest calculation methodology in this Appendix, where the accrued interest needs be determined more than two Bank of Canada Business Days in advance of the accrual end date.

Appendix 8 CFO Certification



[Access to Appendix 8
– CFO Certification](#)

CFO Certification is available to Issuers through the CMHC website under Other Program Documentation.

Appendix 9 Financial Institution Fidelity Bond Requirements

The Issuer must maintain financial institution fidelity bond/insurance satisfying the criteria and requirements set forth below and provide to CMHC certificate(s) of insurance evidencing the same with its application and annually thereafter within 90 days after its fiscal year-end:

- has a minimum duration of one (1) year;
- provides a clause stipulating that the bond/insurance shall apply to loss of property owned by the insured, held by the insured in any capacity, or for which the insured is legally liable;
- provides 30 days prior written notice of cancellation to the CMHC Securitization Centre;
- is underwritten by an insurer authorized to do business in Canada with a minimum financial strength rating of “A-” from AM Best Company Inc. or an equivalent rating from another acceptable credit rating agency; and
- at a minimum, provides single-loss fidelity coverage (which shall include any excess coverage) based on the following table:

Total NHA MBS Outstanding (As at most recent calendar year-end)	Minimum Required Single Loss Fidelity Coverage	Maximum Deductible (Fidelity)
\$0 to \$100 million	\$5 million	
Greater than \$100 million to \$500 million	\$10 million	
Greater than \$500 million to \$1 billion	\$15 million	\$500,000
Greater than \$1 billion to \$5 billion	\$25 million	
Greater than \$5 billion to \$10 billion	\$35 million	
Greater than \$10 billion to \$25 billion	\$50 million	\$1 million
Greater than \$25 billion to \$50 billion	\$75 million	
Greater than \$50 billion	\$100 million	\$5 million

Additional Details and Requirements Related to Minimum Coverage

- If the Issuer’s fidelity coverage is provided under a Master Bond Program/Policy, then the aggregate fidelity loss limit must be at least double the Issuer’s required single-loss minimum (set out in the above table).
- Where the bond/insurance is underwritten for more than one Issuer, then the single or aggregate fidelity loss limit must be equal to or greater than the sum of the single-loss minimums applicable to each Issuer.
- Where an Issuer acts in different roles under both the NHA MBS Program and CMB Program (e.g. Issuer, Custodian, Seller, Swap Counterparty and/or Repo Counterparty), coverage amounts should not be aggregated and the Issuer must meet the minimum coverage requirements applicable to the role with the largest base amount (i.e. total NHA MBS outstanding or aggregate swap notional as at the most recent calendar year-end, for an Issuer that is also a Swap Counterparty under the CMB Program). To the extent the Issuer acts as a Repo Counterparty under the CMB Program as well, coverage cannot be less than the minimum required coverage applicable to Repo Counterparties.

- Participants that are not able to satisfy the prescribed maximum deductible thresholds are permitted to utilize an alternative approach provided the following criteria are met:
 - A. the participant's total assets amount is equal to or greater than \$75 billion as at the most recent fiscal year end, and
 - B. the participant's single loss fidelity coverage is equal to or greater than the minimum single loss coverage of what is required under the current standard Program requirements, and
 - C. the maximum deductible is no greater than one third ($\frac{1}{3}$) the single loss amount of the policy

This approach also applies to and captures related entities, such as investments dealers, that are covered under the same group financial institution bond as their parent company.

At any time, CMHC may, in its sole discretion, require the Issuer to add other or modify existing coverage, to increase coverage amounts, or to submit additional material evidencing compliance.

It shall be the sole responsibility of the Issuer to determine whether any additional insurance or coverage amounts are necessary for its own protection or for satisfying obligations and requirements outside the Program. All such financial institution fidelity bond/insurance coverage shall be maintained by the Issuer at its own expense.

Reporting

In situations where fiscal year and bond/insurance year do not coincide, the Issuer is deemed compliant with the one-year duration requirement if the certificate of insurance in effect as of submission date provides evidence of one-year of uninterrupted/continuous coverage starting from the most recently submitted bond/insurance policy's expiration date.

In exceptional circumstances when effective/renewal date of coverage is changed resulting in a coverage period shorter than one year, the Issuer must demonstrate that as at submission date it has fidelity coverage in effect satisfying the prescribed criteria and that it has maintained coverage in effect uninterrupted, since the most recent expiration date.

Appendix 10 Issuer's Uninsured Residential Mortgage Portfolio originated in the Quarter (Flow Data)³

Loan level information for new uninsured mortgage loans (including HELOCs, renewals and refinances) originated or purchased (i.e. funded) in the quarter and held by the Approved Issuer at quarter end. The information should contain mortgages originated by the Approved Issuer as well as mortgages purchased from other lenders as long as the uninsured mortgages were held by the Approved Issuer at quarter end.

Field	Definition	Note
Client ID⁴	Client ID number	Client ID number
FSA code	Property FSA (Forward Sortation Area) code	First three digits of postal code
Purpose	Purpose of the loan as captured in Lender's systems	Preferred format: <ol style="list-style-type: none"> 1. Purchase of a property 2. Same lender refinance 3. Same lender renewal 4. Other Renewals are defined as contractual agreements subsequent to the initial mortgage that maintain or shorter the amortization period and do not increase the principal amount (irrespective of whether done at term expiration or prior to it i.e. as full prepayment).
Refinancing	Refinance (Yes/No)	
Occupancy type	Type of occupancy as captured in Lender's systems	Preferred format: <ol style="list-style-type: none"> 1. Owner-occupied 2. Investment/rental 3. Vacation/second home 4. Other 5. No-end-use identified
Loan type	Type of loan on property	Preferred format: <ol style="list-style-type: none"> 1. Mortgage (fully amortizing) 2. HELOC (fully revolving) 3. Other
Authorized amount	Total amount committed/ authorized on current loan	
Interest rate	The rate of interest applied to the mortgage loan based on the current interest term	

(Continued)

³ CMHC meets the requirements for the collection of personal information, including section 4 of the *Privacy Act*, and has in place processes and controls for safeguarding that personal information under the privacy legislation. Furthermore, whenever possible, CMHC would collect the data in a way that would not allow the identification of any individual directly or indirectly.

⁴ Client ID variable is included in order to connect different loans associated with the same borrower and same Issuer.

Field	Definition	Note
Interest rate type	Interest rate type as captured in Lender's systems (e.g. fixed rate, variable rate, adjustable rate, capped variable rate, etc.)	Preferred type: 1. Fixed rate (FRM) 2. Variable rate (VRM) 3. Adjustable rate (ARM) 4. Capped variable rate (capped VRM)
Contractual amortization	The period of contractual amortization	Preferred format: report in months
IAD or renewal date	Interest Adjustment Date or renewal date of current loan term	Date format: YYYY/MM/DD
Loan term	Represents the length of time over which the current interest rate and terms and conditions apply	Preferred format: report in months
Maturity date	Date the current loan term matures	Date format: YYYY/MM/DD
Income	Borrower(s) qualifying annual gross income	Borrower(s) total annual income amount used for calculation of the debt service ratios or last recorded income
Credit Bureau Score	Credit Bureau score used for approval	The preferred format for cases in which there are more than one borrower on file: use the maximum credit score on file. Alternatively, the average score can be reported. The approach used to report this filed and the source for credit score data (Equifax or TransUnion) need to be communicated with CMHC.
GDS used for approval	Gross Debt Service (GDS) Ratio used for approval	The approach used to calculate this field needs to be communicated with CMHC.
TDS used for approval	Total Debt Service (TDS) Ratio used for approval	The approach used to calculate this field needs to be communicated with CMHC.
LTV used for approval	Loan-to-Value (LTV) Ratio used for approval	
Combined LTV	Combined LTV on all linked products	
Whole loan purchase source	Company name if this is a whole loan purchase	Use CMHC Institution code, if available. Otherwise use name as recorded on file.
Servicing and administration provider	Company name if another company provides servicing and administration	Use CMHC Institution code, if available. Otherwise use name as recorded on file.

Part F

Definitions

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Glossary

Adjustable Rate Loan

A Loan that has a floating interest rate. The Loan payment is reset if the interest rate is reset to maintain the amortization period of the Loan.

Aggregator

- i. An Issuer whose Aggregation Ratio for an Evaluation Period exceeds 50%; and
- ii. an Issuer designated by CMHC as an Aggregator during the period when such designation remains in effect.

Aggregation Ratio

The amount, expressed as a percentage, calculated by CMHC for an Evaluation Period for an Issuer as:

A / B , where:

A = the aggregate principal amount of Loans securitized by the Issuer in the NHA MBS program during the Evaluation Period that were originated by one or several third-party Originators, including Non-Issuers or Issuers, but excluding (i) Loans included in Affordability-Linked Pool types and (ii) Loans originated by the Issuer's related parties who share a consolidated maximum NHA MBS allocation with the Issuer; and

B = the aggregate principal amount of Loans securitized by the Issuer in the NHA MBS program during the Evaluation Period, excluding Loans included in Affordability-Linked Pool types,

provided that, in the calculation of the Aggregation Ratio, loans 'securitized by' the Issuer shall include loans securitized by the Issuer under its own name and loans securitized by any Aggregator(s) pursuant to one or more NHA MBS Guarantee allocation transfers from that Issuer.

Approved Lender

A business entity approved by CMHC for the purpose of underwriting and/or administering Loans insured under the *National Housing Act*.

Approved Private Mortgage Insurer

A corporation designated as an approved mortgage insurer under the *Protection of Residential Mortgage or Hypothecary Insurance Act* and approved by CMHC under the NHA MBS Program.

Business Day

Any calendar day during which banks are open for business in Toronto, Ontario, other than a Saturday, Sunday or public holiday.

Canada Mortgage Bond (CMB) Program

Canada Mortgage and Housing Corporation (CMHC) guarantees timely payment on bonds issued by Canada Housing Trust. Under the CMB Program, Investors receive an interest payment at designated intervals and the principal at maturity of the bond.

Central Payor and Transfer Agent (CPTA)

Computershare Trust Company of Canada is the institution used by CMHC and the Issuer as Paying Agent

Central P & I Custodial/Trust Account

The account (in favour of CMHC) into which the Issuer must deposit principal and interest payments due to Investors.

Counterparty Rating or Assessment

With respect to a Rating Agency, the rating or assessment of the type specified under that Rating Agency's name in the defined term "minimum acceptable rating".

CUSIP

A unique number that identifies and describes a particular security. CUSIP is an acronym for "the Committee on Uniform Security Identification Procedure".

Custodian

An institution acceptable to CMHC and that meets the criteria described in this Guide that holds the documents relating to the pooled mortgages on CMHC's behalf for the life of a Pool.

Date of Final Payment

The date on which final payment of principal and interest is due to the Investors following the maturity of the NHA MBS.

Delayed Certificate Inventory (DCI)

A system under which ownership records are maintained in book entry form by the CPTA and where, rather than a Certificate, an ownership receipt is issued.

Delivery Date

The date on which the CPTA releases the NHA MBS Certificates or DCI receipts to the Issuer.

Evaluation Period

The nine-month period from (and including) January 1, 2023 to (and including) September 30, 2023, and in each subsequent year, the trailing twelve-month period ending on (and including) the last day of the third calendar quarter of the year the evaluation and calculation of Aggregation Ratios is performed by CMHC.

Factor

See Remaining Principal Balance Factor.

Fixed Rate Loan

A Loan with an interest rate that does not change during the term of the Loan.

Funding Date

Date each month that the Issuer is required to send the funds to the Central Payor and Transfer Agent for distribution to investors and CMHC.

Guide

The contractual terms and documentation for the NHA MBS Program.

Insurance Account Number

The number given to a Loan by an Approved Private Mortgage Insurer or by CMHC for Loan insurance purposes.

Investors

The registered owners (be they a person or other legal entity) of NHA MBS.

Issue Date

The date from which NHA MBS accrues interest which is always the first calendar day of the month of issue.

Issuer

A business organization that, having met the criteria established by CMHC, is approved to issue and administer NHA MBS.

Liquidation

A liquidation is any transaction that reduces the unpaid principal balance of a Loan in a Pool to zero.

Loan liquidations are reported monthly and fall into one of the following categories: sale, mortgage payoff, ineligible loan, enforcement action, conversion of floating to fixed rate mortgage or payment no longer paying down principal. For the avoidance of doubt, a Loan that is ported or assumed in accordance with the Guide will not be considered to be a liquidation – see “*Ported Loans*” and “*Assumed Loans*” in [Chapter 5](#) of this Guide.

Loan

A loan secured by a mortgage against a residential property and other related security that is insured against borrower default by CMHC or by an Approved Private Mortgage Insurer.

Loan Documentation Trigger Events

Events that identify when an Issuer would be required to provide mortgage documentation and, in some circumstances, registerable mortgage assignments, for pooled Loans.

Market NHA MBS

Securities that carry the CMHC Guarantee of timely payment and that represent an undivided ownership interest in a Pool. Market NHA MBS can be sold to investors or to Canada Housing Trust as part of the CMB Program.

Minimum Acceptable Rating

Means, with respect to a party

- i. the rating of the unsecured, unguaranteed and unenhanced long-term debt obligations of such party, or
- ii. The Issuer rating of such party, or
- iii. its counterparty rating or assessment of the type specified under the name of the respective Rating Agency, by any Rating Agency, at or above the level indicated in the following tables:

	DBRS	Fitch	Moody's	S&P
Unsecured, unguaranteed and unenhanced long-term debt	BBB (low)	BBB-	Baa3	BBB-

DBRS	Fitch	Moody's		S&P
Critical Obligations Rating	Derivative Counterparty Rating	Counterparty Risk Rating	Counterparty Risk Assessment	Counterparty Resolutions Rating
BBB (low)	BBB- (dcr)	Baa3	Baa3 (cr)	BBB-

Note: a private credit rating report issued by the rating agency is an acceptable form of the Issuer rating report.

Newly Formed or Dormant Entity

An Issuer that does not have audited financial statements for the 3 immediately preceding fiscal years.

Non-Issuer

An Originator that is not an Issuer and does not have a related party that is an Issuer.

Non-Regulated Issuer

An Issuer of NHA MBS that is not a Regulated Institution.

One-Month Daily Compounded CORRA

Has the meaning specified in [Appendix 7 Mortgage Formulas and Accounting Conventions](#).

Originator

Lender that carries on the business of underwriting mortgage loans and lending money to borrowers on the security of residential property and hold themselves out to the public as doing so. Loan Originators must also have an Approved Lender status with either CMHC or an approved private mortgage insurer.

Payment Date or Payment Day

The day that monthly payments of principal and interest (including any applicable interest penalty or indemnity) are due to the Investors from the CPTA.

P & I Custodial/Trust Account

The account into which the Issuer deposits principal and interest collected on account of Loans in a Pool.

Pool

A specific group of Loans brought together by an Issuer.

Pool Number

The number that is assigned by CMHC upon approval of a NHA MBS Guarantee application for NHA MBS and that is used to identify specific NHA MBS.

Qualified Mortgage Lender

A lender designated by an approved mortgage insurer under the *Protection of Residential Mortgage or Hypothecary Insurance Act*.

Registered Holder (of Title)

The entity that holds registered title to pooled mortgages and related security.

Regulated Institution

An entity that is a Canadian federally or provincially regulated:

- bank
- trust company
- insurance company
- loan company
- credit union or caisse, credit union central, league or caisse centrale, or other cooperative credit society
- investment dealer, or
- government agency or Crown corporation

Remaining Principal Balance Factor

The number, calculated monthly by the CPTA, representing the proportion of the original principal amount of the issuance of NHA MBS that remains outstanding.

Replacement NHA MBS

Securities that carry the CMHC Guarantee of timely payment and that represent an undivided ownership interest in a Pool. Replacement NHA MBS are intended to be sold to CHT subsequent to the CMB Bond Issue Date for CMB issued prior to July 1, 2016 (refer to the CMB Program User Guide for more information).

Seller

An institution approved under the CMB Program to sell eligible NHA MBS and/or other permitted investments to CHT.

Servicer

An Approved Lender or Qualified Mortgage Lender engaged by the Issuer to service Loans in a Pool.

Entity responsible for the day-to-day servicing of the mortgage loan, including but not limited to collection and processing of payments, correspondence with the borrowers, reporting and general loan administration.

Settlement Date

The date on which the Issuer must deliver the NHA MBS to the Investor and the Investor makes the funds available to settle the purchase transaction.

Substitution

When a Loan in a Pool is replaced with another eligible Loan.

Tax Custodial/Trust Account

An account that an Issuer maintains at a deposit-taking institution into which the Issuer deposits the funds collected to pay property taxes for properties securing pooled Loans.

Title Custodian

An institution acceptable to CMHC that meets the criteria described in the Guide that is designated by a Non-Regulated, Newly Formed or Dormant Entity, to be the Registered Holder of Title.

Variable Rate Loan

A Loan that has a floating interest rate for which the scheduled payment does not change as the Loan interest rate changes.

Common MBS Acronyms

ARM	Adjustable Rate Mortgage
CAS	Canadian Auditing Standards
CDIC	Canada Deposit Insurance Corporation
CDOR	Canadian Dealer Offered Rate
CGAAP	Canadian Generally Accepted Accounting Principles
CHT	Canada Housing Trust No. 1
CICA	Canadian Institute of Chartered Accounts
CMB	Canada Mortgage Bonds
CMHC	Canada Mortgage and Housing Corporation
CORRA	Canadian Overnight Repo Rate Average
CPAB	Canadian Public Accountability Board
CPTA	Central Payor and Transfer Agent
CUSIP	Committee on Uniform Security Identification Procedures
DCI	Delayed Certificate Inventory
EPM	Equal Payment Mortgage
ESG	Environmental, Social and Governance
GPM	Graduated Payment Mortgage
HELOC	Home Equity Line of Credit
IAD	Interest Adjustment Date
IFRS	International Financial Reporting Standards
ILM	Index-Linked Mortgage
IIROC	Investment Industry Regulatory Organization of Canada
NHA MBS	National Housing Act Mortgage-Backed Securities
OSFI	Office of the Superintendent of Financial Institutions
P&I	Principal and Interest
PIP	Penalty Interest Payment
PRMHIA	Protection of Residential Mortgage or <i>Hypothecary Insurance Act</i>
RAM	Weighted Average Remaining Amortization
UPP	Unscheduled Principal Prepayment
VRM	Variable Rate Mortgage
WAC	Weighted Average Mortgage Rate
WAIAD	Weighted Average Interest Adjustment Date
WAM	Weighted Average Maturity
WAMD	Weighted Average Maturity Date

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