



CANADA
HOUSING
TRUST

CANADA MORTGAGE BONDS

October 6, 2020

INTRODUCING PREFERENTIAL ALLOCATION IN RELATION TO 10-YEAR CMB FUNDING FOR AFFORDABILITY-LINKED AND SOCIAL HOUSING POOLS

PURPOSE

To introduce changes to the allocation methodology pertaining to 10-year CMB issuance with a view to providing priority access for pools backed by social housing loans or multi-family loans insured under the Affordability MLI Flex product (hereinafter referred to as “Affordability-linked Pools”). For details on the Affordability-linked Pools, please refer to the NHA MBS Advice No. 10 – *Affordability-Linked Pool Eligibility Criteria and Operational Requirements*¹.

The policy changes will take effect on January 1, 2021 and apply to allocations to CMB Sellers approved on or after this date.

POLICY AMENDMENT

The existing allocation methodology will remain in place with the following modifications applicable exclusively to 10-year CMB issues.

- 10-year CMB issuance proceeds will first be distributed to Sellers offering Affordability-linked Pools using the existing allocation methodology (the “Preferential Allocation Round”)
- Any remaining CMB issuance proceeds unallocated thereafter will then be allocated to all Sellers whose offered amount remains outstanding following the existing allocation methodology
- Any allocation received for Affordability-linked Pools (i.e., as part of the Preferential Allocation Round) will not reduce a Seller’s allocation of the remaining unallocated CMB proceeds.

Revisions to the CMB User Guide reflecting these changes will be made concurrent with the next scheduled update.

For more information on these changes, please contact
Canada Housing Trust No. 1, Scott Allen (416-594-8724) at the Trust Administrator.

¹ <https://www.cmhc-schl.gc.ca/en/finance-and-investing/nha-mortgage-backed-securities/advice-to-approved-issuers>