

## NEW RESIDENTIAL MORTGAGE PORTFOLIO DATA REPORTING FRAMEWORK FOR NHA MBS ISSUERS

### PURPOSE

To introduce a new mortgage portfolio data reporting framework for Approved Issuers participating in the National Housing Act Mortgage-Backed Securities (NHA MBS) Program related to loans pooled in NHA MBS and the addition of new data reporting requirements in relation to Approved Issuers' uninsured residential mortgage portfolio.

### BACKGROUND

Under the NHA MBS Program, CMHC guarantees the timely payment of principal and interest to investors in the NHA MBS. This timely payment guarantee supports cost effective mortgage funding and liquidity in the mortgage market, which contributes towards the stability of the Canadian housing finance system.

Through the NHA MBS Program CMHC, as guarantor, is exposed to risks through Approved Issuers and the loans backing the NHA MBS issued. CMHC mitigates some of the risks associated with the timely payment guarantee by establishing broad requirements on Approved Issuers including minimum net worth requirements, conducting ongoing financial credit reviews and monitoring the quality controls of Issuers' NHA MBS operations.

To gain better insights into the evolving mortgage landscape to aid in mitigating exposures to participants in the NHA MBS program and more generally to support CMHC's legislative mandate of contributing to the stability of the mortgage market, housing market and the wider financial landscape, CMHC has determined that increased mortgage portfolio data reporting from Approved Issuers is necessary.

### POLICY AMENDMENT

CMHC is introducing new data reporting requirements in connection with Issuers' mortgage portfolio that will focus on a set of core data elements. The new data reporting requirements are intended to assist CMHC in the analysis of the risk presented by Issuers' practices in residential mortgage lending, including the underwriting and/or the acquisition of residential mortgage loan assets in Canada. The information gathered is also expected to provide further insights into the evolving mortgage landscape, to form the basis for trends analysis and for anonymized aggregate data reports that may be used to inform the industry. The collection and analysis of this data will improve the assessment of the mortgage lending environment which will aid in developing sound policies and responses where necessary to promote stability.<sup>1</sup>

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<sup>1</sup> Data will be shared with the Department of Finance and Bank of Canada (pursuant to s. 21.1(2) and 21.1(3) of the *National Housing Act*) on a confidential basis given their roles in monitoring the stability of the Canadian financial system. The Bank of Canada may publish anonymized aggregated findings in its *Financial System Review* on an ad-hoc basis.

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### **Insured mortgages pooled in NHA MBS – Quarterly Data Reporting Requirement (Stock Data)**

On a quarterly basis Issuers will be required to submit to CMHC by no later than 30 days following the end of the quarter, specific loan level data elements as outlined in Appendix A, relating to all outstanding loans pooled in the NHA MBS as at the end of each quarter, with the first reports for the quarters ending Dec. 31, 2017 and March 31, 2018 due July 1, 2018.

### **Uninsured mortgages of Approved Issuers – Quarterly Data Reporting Requirement (Stock and Flow)**

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

- **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 filing the report with its regulator. The report for Q1 2018 will be due July 1, 2018.
- **Flow Data (loan level) as outlined in Appendix B:** 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. The report for Q1 2018 will be due July 1, 2018.

In addition to this quarterly data, Issuers are also required to submit a **one-time report** covering the previous 3 years (2015, 2016 and 2017) of quarterly flow of new uninsured mortgages originated or purchased by the Issuer within each quarter and held at quarter end by the Approved Issuer from 2015 to the end of 2017. This one time report is to be provided no later than July 1, 2018.

A template for the format of the insured pooled mortgage loan data to be submitted is provided in conjunction with the Advice. The completed insured pooled mortgage loan template along with the uninsured mortgage loan data is to be submitted using CMHC's Secure Manage File Transfer Portal. The login information to CMHC's Secure Manage File Transfer Portal will be sent in a separate e-mail.

CMHC is prepared to work with Issuers to obtain the requested data in the most efficient manner.

CMHC has aligned this reporting requirement with existing reporting in order to minimize duplication of efforts. Where federally regulated Issuers already provide the requested data to OSFI, upon receiving confirmation that the Issuer has granted permission to OSFI, CMHC will obtain this data directly from the OSFI.

**Federally regulated Issuers who do not already provide the requested data to OSFI or who do not grant permission for OSFI to share the data with CMHC will be required to provide it directly to CMHC.**

CMHC will continue to prudently assess its risk exposure and data needs, which may result in additional information requests in the future.

## ENQUIRIES

For further details or questions on this Advice, please contact CMHC Securitization at [securitization@cmhc.ca](mailto:securitization@cmhc.ca) or by phone at 416 250-2700.

For more information on the NHA MBS Program please visit the CMHC Web site at [www.cmhc.ca](http://www.cmhc.ca).



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**APPENDIX A – Outstanding Loans Pooled in NHA MBS (Stock Data)**

Please provide the following mortgage loan level data elements for all outstanding loans pooled in the NHA MBS as at quarter end.

<b>Pool/Loan Level Data Requirement</b>	<b>Description</b>
NHA MBS Pool Number	NHA MBS Pool Number (8 digit number)
Issuer Loan Number	The Issuer’s Loan Number reported in the Excel file must match Issuer’s Loan Number reported in the flat file submitted to the NHA MBS Custodian
Insurer Account Number	The Insurer Account Number reported in the Excel file must match the Insurer Account Number reported in the flat file submitted on the 2824 Schedule of Pooled Mortgages
Loan Originator <sup>1</sup>	CMHC Institution Code <sup>2</sup> associated with the “Loan Originator”
Unpaid Loan Balance as of the 1 <sup>st</sup> of the following month based on the last month in the quarter accounting period	The Unpaid Loan Balance provided must correspond to the balance used to calculate 4G as reported in the 2840 for the last month in the quarter accounting period.
Loan Servicer <sup>3</sup>	CMHC Institution Code <sup>2</sup> associated with the “Loan Servicer”
Registered Titleholder	CMHC Institution Code <sup>2</sup> associated with the “Registered Titleholder”
Mortgage Registration Number <i>(if captured &amp; available in your system)</i>	Identifier provided by the Land Registry office when registering the charge against the property
NHA MBS Pool Administrator <sup>4</sup>	CMHC Institution Code <sup>2</sup> associated with the "NHA MBS Pool Administrator" <sup>3</sup>

<sup>1</sup> 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.

<sup>2</sup> The CMHC Institution Code is a number assigned by CMHC to be used for the following fields: Loan Originator, Loan Servicer, Registered Titleholder, and NHA MBS Pool Administrator. Please see attached document for list of CMHC Institution codes.

<sup>3</sup> 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.

<sup>4</sup> Entity responsible for administering the NHA MBS at pool level, including activities such as NHA MBS monthly reporting to the CPTA and calculating payments due to investors.

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**APPENDIX B –Issuer’s Uninsured Residential Mortgage Portfolio  
Flow Data - Residential Uninsured Mortgage Loans originated in the Quarter<sup>2</sup>**

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.

<b>Loan Level Parameters</b>	<b>Description of Information Requested</b>
Client ID <sup>3</sup>	Client ID number
FSA code	Property FSA (Forward Sortation Area) code
Purpose	Purpose of the loan as captured in Lenders’ systems- (e.g. Purchase, Refinance, Same lender refinance, Same lender renewal, Other, etc.)
Refinancing	Refinance (Yes/No)
Occupancy type	Type of occupancy as captured in Lenders’ systems (e.g. Owner-Occupied, Investment/Rental, Vacation/Second-Home, Other, No End-Use Identified, etc.)
Loan Type	Mortgage or HELOC
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
Interest Rate Type	Interest Rate Type as captured in Lenders’ systems (e.g. Fixed rate, Variable rate, Adjustable rate, Capped variable rate, etc.)
Contractual Amortization	The period of contractual amortization
IAD or Renewal Date	Interest Adjustment Date or Renewal Date of current loan term
Loan Term	Represents the length of time over which the current interest rate and terms and conditions apply.
Maturity Date	Date the current loan term matures
Income	Borrower(s) qualifying annual gross income.
Credit Bureau Score	Credit Bureau score used for approval.
GDS used for approval	Gross Debt Service (GDS) Ratio used for approval
TDS used for approval	Total Debt Service (TDS) Ratio used for approval
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
Servicing and Administration Provider	Company name if another company provides Servicing and Administration

<sup>2</sup> 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 to identify any individual directly or indirectly.

<sup>3</sup> “Client ID” variable is included in order to connect different loans associated with the same borrower and same Issuer.

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**Appendix B Flow Data Field Descriptions**

Appendix B Flow Data - Residential Low Ratio Uninsured Mortgage Loans Originated in the Period			
#	Field	Definition	Note
1	Client ID	Client ID number	Client ID number
2	FSA code	Property FSA (Forward Sortation Area) code	First three digits of postal code
3	Purpose	Purpose of the loan	Preferred format: 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 shorten the amortization period and do not increase the principal amount (irrespective whether done at term expiration or prior to it, i.e. as full prepayment).
4	Refinance	Refinance (Yes or No)	
5	Occupancy type	Occupancy type	Preferred format: 1 - Owner-Occupied, 2 - Investment/Rental, 3 - Vacation/Second-Home, 4 - Other, 5 - No End-Use Identified.
6	Loan Type	Type of loan on property	Preferred format: 1 - Mortgage (fully amortizing), 2 - HELOC (Fully Revolving), 3 - Other.
7	Authorized amount	Total amount committed/authorized on current loan	
8	Interest Rate	The rate of interest applied to the mortgage loan based on the current interest term	
9	Interest rate type	Interest Rate Type as captured in Lenders' systems (e.g. Fixed rate, Variable rate, Adjustable rate, Capped variable rate, etc.).	Preferred format: 1 - Fixed rate (FRM), 2 - Variable rate (VRM), 3 - Adjustable rate (ARM), 4 - Capped variable rate (capped VRM).
10	Contractual Amortization	The period of contractual amortization-approved	Preferred format: report in months.
11	IAD or Renewal Date	Interest Adjustment Date or Renewal Date of current loan term	Date Format: YYYY/MM/DD
12	Loan Term	Represents the length of time over which the current interest rate and terms and conditions apply.	Preferred format: report in months.
13	Maturity Date	Date the current loan term matures	Date Format: YYYY/MM/DD
14	Income	Qualifying annual gross income.	Borrower(s) total annual income amount used for calculation of the debt service ratios or last recorded income.
15	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 field and the source for credit score data (Equifax or Transunion) need to be communicated with CMHC.
16	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.
17	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.
18	LTV used for approval	Loan-To-Value (LTV) Ratio used for approval	
19	Combined LTV	Combined LTV on all linked products	
20	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.
21	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.

**NHA MBS Pooled Loan Report Template**

NHA MBS Pool Number	Issuer's Loan Number	Insurer Account Number	Loan Originator	Unpaid Balance as of December 31st	Loan Servicer	Registered Titleholder