



**PRESS RELEASE**



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## **CMHC Expands Mortgage-Backed Securities to Include Variable Rate Mortgages**

**OTTAWA, Ontario, November 26, 2004** — Canada Mortgage and Housing Corporation (CMHC) is introducing enhancements to the National Housing Act Mortgage-Backed Securities (NHA MBS) Program as well as the Canada Mortgage Bonds (CMB) Program, announced the Honourable Joe Fontana, Minister of Labour and Housing.

"The enhancements CMHC is making to the NHA MBS and CMB Program support the government's commitment to ensuring the availability of low-cost mortgage funds to Canadians," said Minister Fontana. "This in turn enables more Canadians to access homeownership and improves accessibility to affordable housing."

CMHC is expanding the NHA MBS Program to include variable rate mortgages. Previously, the NHA MBS Program was restricted to fixed rate mortgage products. The expansion to include standard variable rate mortgages reflects the increased variety of mortgage products in the Canadian market. This enhancement, first introduced last year under a pilot program, will be fully implemented and available to Approved Issuers effective December 1, 2004. Variable rate MBS are also eligible for inclusion in the Canada Mortgage Bond (CMB) Program.

CMHC, Canada's national housing agency, is committed to improving housing choice, access, and affordability for Canadians. CMHC constantly reviews its suite of mortgage loan insurance and securitization products to better serve Canadians. Last week, CMHC introduced Mortgage Loan Insurance for Energy Efficient Homes and made several changes to its mortgage loan insurance products and policies that will make it easier for Canadians to finance their homes.

For more details on these new initiatives visit our web site: [www.cmhc.ca](http://www.cmhc.ca).

### **Media Inquiries Contact:**

Peter Graham  
Director of Communications  
Office of Minister Fontana  
(819) 953-5646

Sharon Matthews  
CMHC  
(613) 748-2559

### **Media Backgrounder**

**Variable Rate Mortgage Backed Securities (MBS) Program and Canada Mortgage Bonds (CMB) Program**

## Canadian Mortgage News - CMHC Expands Mortgage-Backed Securities to Include Variable Rate Mortgages

The federal government, through CMHC, is committed to helping Canadians in all parts of the country to access a wide range of innovative and affordable financing choices. CMHC develops products and policies to ensure the availability of competitive, low-cost mortgage financing for Canadians.

CMHC's National Housing Act (NHA) Mortgage-Backed Securities (MBS) provides investors with an opportunity to make secure investments in Canadian residential mortgages, thus helping to increase the supply of low cost funds available for mortgage lending.

The mortgage market is changing with an increased consumer demand for mortgage products with variable rates of interest. In response, CMHC is introducing the full implementation of the Variable Rate Mortgage Backed Securities to promote the availability of competitive, low-cost mortgage financing for these types of mortgage products for Canadians.

The introduction of Variable Rate MBS represents an enhancement of the current NHA MBS to include standard variable rate mortgages. First introduced in 2003 under a pilot program, this announcement signifies the end of the pilot period and the lifting of the restriction on the sale of Variable Rate MBS. Effective December 1, all Approved Issuers may issue and sell Variable Rate NHA MBS pools composed of variable rate mortgages that are insured by an approved mortgage insurer.

Similar to the other NHA MBS the variable rate NHA MBS will pass through Principal and Interest on a monthly basis. Variable Rate MBS are also eligible for inclusion in the Canada Mortgage Bonds (CMB) Program, subject to existing criteria.

Canada Mortgage Bonds provide investors with an attractive fixed income investment opportunity featuring: semi-annual interest payments; repayment of principal at maturity and; a full timely payment guarantee by CMHC on behalf of the Government of Canada. Canada Mortgage Bonds, CMHC's internationally recognized program, provides Canadians with both an attractive and secure investment opportunity, and an important new source of funds to further enhance the efficiency of the secondary mortgage market, and ultimately lowering the cost of mortgage financing in Canada.