



PRESS RELEASE



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First National Launches New Mortgage Concept

Canadian Homeowners Reduce Their Monthly Mortgage Payments

TORONTO, Ontario, September 25, 2006 — First National Financial LP is pleased to be one of the first Canadian lenders to offer the Canada Mortgage and Housing Corporation (CMHC) insured Interest-Only Mortgage, a new mortgage concept that can help qualified homebuyers lower their monthly mortgage payments and improve their monthly cash-flow flexibility.

The Interest-Only Mortgage gives qualified homebuyers the option of paying interest only for the first five or 10 years of their mortgage. Following the interest-only period, payments will be adjusted to allow for principal and interest payments. Homebuyers must still qualify for a mortgage based on the ability to support monthly principal and interest payments amortized over a period of up to 25 years.

"This new mortgage will appeal to two different groups: qualified first-time buyers and existing homeowners who want to reduce their monthly payment for a period of time," says Scott McKenzie, Vice President of Residential Mortgages at First National.

For example, the monthly payment for a traditional five-year fixed mortgage of \$175,000 at today's rate (5.30 per cent) is approximately \$1,050. With an Interest-Only Mortgage, the payment would be \$765. That's a net difference of \$285 per month, or \$3,420 per year.

"That extra money can be used to perhaps accommodate RRSP contributions, other investment opportunities, tuition fees or home renovations," McKenzie added.

Qualified borrowers can get an interest-only mortgage for up to 90 per cent of their home's purchase price. And of course, like all loans offered by First National, clients always have the option of using their prepayment privileges to make principal payments. They also have the option of switching to a principal and interest payment before their five- or 10-year conversion date.

"The Interest-Only Mortgage option is one of CMHC's innovative financial solutions that will offer more flexibility to Canadians. CMHC is pleased that First National is offering the interest-only option to qualified borrowers", said Pierre Serré, Vice President, Product and Business Development, CMHC.

CMHC announced the interest-only feature on June 28, 2006 along with other mortgage insurance product enhancements designed to offer more flexibility to future and existing Canadian homeowners. Information about these product enhancements is available on the CMHC Web site at www.cmhc.ca/en/corp/nero/nere/2006/2006-06-28-1400.cfm

About First National Financial LP

Voted Best Lender for Broker Service by Taddingstone's 2005 Mortgage Broker Report

First National Financial LP is a Canadian-based originator, underwriter and servicer of predominantly prime residential (single family and multiunit) and commercial mortgages. With over \$20 billion in mortgages under administration, First National is Canada's largest non-bank originator and underwriter of residential mortgages and is ranked third in market share in the rapidly growing mortgage broker distribution channel.

About CMHC

Canada Mortgage and Housing Corporation has been Canada's national housing agency for more than 60 years. CMHC is committed to helping Canadians access a wide choice of quality, affordable homes, while making vibrant, healthy communities and cities a reality across the country. For more information call 1-800-668-2642.

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