



REQUEST FOR PROPOSAL

FOR

CENTRAL PAYOR & TRANSFER AGENT SERVICES FOR THE NHA MORTGAGE-BACKED SECURITIES PROGRAM

Date issued: September 9, 2013

Solicitation Closes: September 30, 2013

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Originating Department: Securitization
Operations

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1 SECTION 1 GENERAL INFORMATION

1.1 Overview of Section 1

The purpose of this section is to provide general information about CMHC and this Request for Proposal.

1.2 Introduction and Scope

The Canada Mortgage and Housing Corporation (CMHC) wishes to enter into a contract with a vendor(s) (hereafter referred to as the “proponent(s)”) for the purpose of providing services of a Central Payor & Transfer Agent (CPTA) to administer the activities outlined in the National Housing Act (NHA) Mortgage Backed Securities (MBS) Program Guide for a period of approximately five (5) years. The CPTA will receive and edit monthly accounting reports, collect NHA MBS principal and interest payments from approved Issuers, facilitate payments to NHA MBS investors, provide monthly NHA MBS data reports, issue and transfer NHA MBS certificates when needed, provide tax receipts and maintain a database of all NHA MBS accounting and investor records. See Section 3, Statement of Work for details of the scope of work required to be performed by the vendor.

This Request for Proposal (RFP) is open to all Suppliers capable of providing the services for CMHC on a national basis in both official languages. In addition, all Suppliers must demonstrate their ability to provide the information systems, and the reporting necessary to support both current and future business processes. It is anticipated that the requirements of NHA MBS Program will evolve over the term of the contract and the Central Payor & Transfer Agent will be expected to work closely with CMHC, the Approved Issuers and others to implement any required changes.

Canada Mortgage and Housing Corporation shall not be obligated in any manner to any proponent whatsoever until a written Agreement has been duly executed relating to a qualified, approved proposal.

More detailed specifications can be found in Section 3, “Statement of Work”.

1.3 CMHC Background

CMHC is the Government of Canada’s National Housing Agency, with a mandate to help Canadians gain access to a wide choice of quality, affordable homes. It is a Crown corporation, with a Board of Directors, reporting to Parliament through the Minister of Human Resources and Skills Development, and Minister responsible for Canada Mortgage and Housing Corporation, the Honourable Diane Finley.

CMHC has more than 2,000 people located at its National Office in Ottawa, and at various Business Centres throughout Canada. The Business Centre areas are divided into five regions: Atlantic; Quebec; Ontario; British Columbia; and Prairies & Territories.

1.4 Purpose of Request for Proposal

CMHC uses a Request for Proposal (RFP) to describe its requirements, ask suppliers for their proposed solutions, describe the criteria which will be used in evaluating proposals and selecting a lead proponent, and outline the terms and conditions under which the successful proponent will operate or supply goods and/or services. In an RFP process, proposals and proponents are evaluated in terms of ability to satisfy the stated requirements, while providing “Best Value” to CMHC in terms of price.

1.4.1 All Non-Research Service Providers

CMHC’s contracting and procurement activities are decentralized among CMHC’s National Office in Ottawa and various Business Centres throughout Canada.

The policy pertaining to the selection of suppliers is based on the principle that all suppliers must be treated fairly and equally. Suppliers are defined as an individual or firm that could provide, or has provided, goods or services or construction under contract.

CMHC utilizes the Supplier Information (SI) database, maintained by **Business Access Canada** as the Official CMHC source list. All proponents **must** be registered with **Business Access Canada** prior to submitting a proposal. The Procurement Business Number (PBN) provided by **Business Access Canada** must be included with your proposal. If you are not registered, and you wish to do so, you may access **Business Access Canada** (<https://buyandsell.gc.ca/>) or you may call their Information Line at: 1-800-811-1148. Present Suppliers not registered with Business Access Canada are required to self-register on the SI via the Business Access Canada Web site.

1.5 Schedule of Events

The following schedule summarizes significant target events for the RFP process. The dates may be changed by CMHC at its sole discretion and shall not become conditions of any contract which may be entered into by CMHC and the selected proponent.

Date	Activities
September 9, 2013	Request for Proposal issued
September 23, 2013	Deadline for Submission of Questions
September 30, 2013	Submission Deadline
October, 2013	Evaluation and Selection of lead proponent
October, 2013	Finalize contract with lead proponent
October, 2013	Contract award
October, 2013	Announcement of successful proponent
As requested	Debriefing to unsuccessful proponents

1.6 Mandatory Requirements

Throughout this RFP, certain requirements are identified as mandatory. A mandatory requirement is a minimum standard that a proposal must meet in order to be considered for

further evaluation. Mandatory is defined as having substantial compliance as assessed by CMHC in its sole and absolute discretion.

Mandatory requirements are identified in:

- Section 2 Submission Instructions
- Section 4 Proposal Requirements
- Section 6 Proposed Contract, and
- Appendix A The Certificate of Submission.

Caution: Proposals which fail, in the sole discretion of CMHC, to meet any mandatory requirement will be eliminated from further consideration in the evaluation process. However, CMHC reserves the right to waive any mandatory requirements if it deems fit and appropriate to meet the interests of and provide best value to CMHC. This clause should be interpreted solely for the benefit of CMHC and not for the benefit of the Proponents.

1.7 Procurement Policy Re: The Environment

CMHC fully supports the principle of sustainable development. Economic development and the preservation of the environment are given equal consideration to ensure that the actions of one generation do not compromise the ability of future generations to have an equal quality of life.

To this end, CMHC is dedicated to integrating sound environmental practices into its procurement practices.

The Contracting Authority may authorize preferential pricing of up to ten percent for the purchase of more environmentally sound commodities.

1.8 Proponent Feedback

CMHC aims to continuously improve its bid documents and procedures. CMHC welcomes input regarding proponent experience in responding to its RFPs, whether as a compliment or suggestion for future RFPs.

Proponents may submit comments labelled as *Proponent Feedback RFP 201302381* to the name and address provided in Section 2.4.

As CMHC does not wish to be perceived as influenced by such feedback in the award decision, proponents are requested to submit their feedback after the contract award has been announced.

Any proponent who notes a material flaw in the RFP that could affect the outcome should report it as specified in Section 2.4

2 SECTION 2 SUBMISSION INSTRUCTIONS

2.1 Overview of Section 2

The purpose of Section 2 is to inform the proponent about CMHC's procedures and rules pertaining to this RFP process.

Proponents are advised that CMHC has provided as Appendix C a Mandatory Compliance Checklist for your benefit to complete prior to submission. This is to assist you in ensuring that you comply with all Mandatory criteria as non-compliance will result in disqualification.

2.2 Certificate of Submission Mandatory

The Certificate of Submission, Appendix A, summarizes some of the mandatory requirements set out in the RFP. It is a mandatory requirement that a proposal include a Certificate of Submission (or an accurate reproduction) signed by the proponent. Refer to Section 1.6 Mandatory Requirements.

Proponents must submit a signed Certificate of Submission as part of their proposal. Should a proponent not include the signed Certificate of Submission the proponent will be notified by CMHC and given 48 hours in which to meet this requirement.

2.3 Delivery Instructions and Deadline

Delivery Instructions and Deadline

Timely and correct delivery of proposals to the exact specified proposal delivery address is the sole responsibility of the proponent. All risks and consequences of incorrect delivery of proposals are the responsibility of the proponent. CMHC will not assume or have transferred to it those responsibilities. All registered times will be in accordance with the time CMHC computer servers **receive** the submission, not the time the proposal was sent by the proponent.*

*** Please be advised that E-BID has a size limitation 10 MB. It is advisable and recommended that proponents submit their proposal in multiple smaller files.**

It is recommended that the Proponent send an e-mail as soon as possible after the EBID proposal has been sent, notifying the contact person named in Section 2.4 Inquiries that a proposal has been submitted to EBID, including the company name and e-mail address, with the date and time the submission was sent.

Upon receipt of proposals, an automated confirmation will be issued to the sender's e-mail address. It is strongly recommended that proponents follow up with the inquiries person named in Section 2.4 should they not receive said confirmation within 30 minutes of submission.

*** Please be advised that electronic transmissions may not necessarily be immediate and can experience lengthy delivery delays. Proponents should ensure that sufficient delivery time is allowed for proposals to be received.**

Address for Delivery

Proposals, including all supporting documentation, are to be sent electronically to the following e-mail address:

EBID@cmhc-schl.gc.ca

The subject line of the transmission must state: RFP, file # 201302381

Format

Proposals may be submitted in MS Word, Lotus WordPro or Adobe Acrobat PDF in English or in French.

NOTE: In certain email programs the "Send" format may need to be specified as either "HTML" or "Plain Text". Rich Text formatted or Compressed (Zipped) documents cannot be opened by CMHC.

Proposal Opening and Verification Period

All EBID proposals received on or before the closing date and time specified in this RFP, will be opened for evaluation purposes and verified by CMHC. If at that time, CMHC is unable to open a proposal, the proponent will be so advised and provided an opportunity to resubmit an openable version within 2 hours from notification.

Submission Deadline

Mandatory

Your proposal must be **received** at the exact location as specified above on or before the submission deadline set as:

2:00 p.m. local Ottawa time (EDT), on September 30, 2013.

Proposals arriving late will be automatically rejected, and the sender will be so notified by e-mail.

2.4 Inquiries

All questions regarding this RFP must be sent by e-mail or facsimile to the following:

Heather Forsyth
Fax: 613-748-2998
hforsyth@cmhc-schl.gc.ca

Information given verbally by any person within CMHC shall not be binding upon CMHC. Proponents must have written confirmation from CMHC for any changes, alterations, etc., concerning this RFP. CMHC cannot guarantee a reply to inquiries received less than **seven calendar days** prior to the closing date.

All written questions submitted, which in the opinion of CMHC affect all proponents, will be answered by CMHC in writing and distributed to all proponents by e-mail or GETS. All identification related to the inquiry will be removed in the response. Any questions of a

proprietary nature must be clearly marked. CMHC will determine, at its sole discretion, whether it will respond to the question.

In the event that it becomes necessary to revise any part of the RFP as a result of any inquiry or for any other reason, an addendum to this RFP will be provided to each proponent to whom CMHC has issued this RFP by e-mail or GETS.

2.5 Communication

During proposal evaluations, CMHC reserves the right to contact or meet with any individual proponent in order to obtain clarification of its submission or to gain insight into the quality and scope of relevant services. A proponent will not be allowed to add, change or delete any information during this process. CMHC is in no way obliged to meet with any or all proponents for this purpose.

2.6 Proponent Contact

The proponent shall name a person in their proposal to act as a primary contact for CMHC during the evaluation period. A secondary contact should also be provided for backup purposes.

2.7 Offering Period Mandatory

All responses must provide that the terms of the response including the pricing proposal, shall remain valid and binding on the proponent for a period of 60 days following the closing date.

2.8 Changes to Submission

Changes to the submitted proposal can be made, if required, provided they are received as an addendum to, or clarification of, previously submitted proposal, or as a complete new proposal to cancel and supersede the earlier proposal. The addendum, clarification, or new proposal must be submitted as per the delivery instructions outlined in Section 2.3, be clearly marked “**REVISION**”, and be received no later than the submission deadline. In addition, the revised bid must include a description of the degree to which the contents are in substitution for the earlier proposal.

2.9 Multiple Proposals

Vendors interested in submitting more than one proposal may do so, providing that each proposal stands alone and independently complies with the instructions, conditions and specifications of this Request for Proposal.

2.10 Acceptable Alternative

An alternative to any portion of a proposal may be submitted and must be in a separate addendum to the proposal.

An acceptable alternative is one which CMHC considers satisfactory in meeting a mandatory requirement. CMHC at its sole discretion will determine if a proposed alternative meets the intent of the original mandatory requirement.

2.11 Liability for Errors

While CMHC has made considerable efforts to ensure an accurate representation of information in this RFP, the information contained in this RFP is supplied solely as a guideline for proponents. The information is not guaranteed or warranted to be accurate by CMHC, nor is it necessarily comprehensive or exhaustive. Nothing in this RFP is intended to relieve proponents from forming their own opinions and conclusions in respect of the matters addressed in this RFP.

2.12 Verification of Proponent's Response

The proponent authorizes CMHC to conduct such investigation as it deems appropriate to verify the contents of the proponent's response.

2.13 Ownership of Responses

All responses and related materials become the property of CMHC and will not be returned. CMHC will not reimburse the proponent for any work related to, or materials supplied in the preparation of the RFP response.

All information regarding the terms and conditions, financial and/or technical aspects of the proponent's proposal, which, in their opinion, are of a proprietary or confidential nature, must be clearly marked "**PROPRIETARY**" or "**CONFIDENTIAL**" at **each item** or at the **top of each page**. Proponents' documents and information so marked will be treated accordingly by CMHC. Notwithstanding the foregoing, proponents are advised that as a Crown corporation, CMHC is subject to the federal legislation with respect to access to information and privacy. Information submitted by third parties will be protected or may be required to be disclosed in specific circumstances pursuant to the federal legislation.

2.14 Proprietary Information

Information contained in this RFP is to be considered "Proprietary Information" and the proponent is not to disclose this information to any party other than the proponent's employees or agents participating in the response to this RFP.

2.15 Corporation Identification

The proponent agrees not to make any use whatsoever of CMHC's name, logo or initials, including public advertisement, without the express written consent of CMHC.

2.16 Declaration re: Gratuities

In submitting its proposal, the proponent certifies that no representative for the proponent has offered or given a gratuity (e.g. an entertainment or gift) to any CMHC employee, Board member

or Governor-in-Council appointee; and intended, by the gratuity, to obtain a contract or favourable treatment under a contract.

2.17 Conflict of Interest

- (a) The Contractor and its principals, employees and agents shall avoid any conflict of interest during the term of this Agreement and shall immediately declare any existing, potential or apparent conflict and shall, upon direction of CMHC, take steps to eliminate any conflict or perception that a conflict of interest exists.
- (b) The Contractor must not provide any services to any third party in circumstances that might reasonably give rise to a conflict of interest, including a conflict between the Contractor's duties to that third party and the Contractor's duties to CMHC.
- (c) In the event that a conflict of interest, real or perceived, cannot be resolved to the satisfaction of CMHC, CMHC shall have the right to immediately terminate the Agreement. All portions of the Work which have been completed at the date of termination shall be forwarded to CMHC and CMHC shall be liable for payment to the Contractor of an amount which, in the sole opinion of CMHC, constitutes reasonable payment for the partial performance of the Contractor's obligations under the Agreement. Upon such payment, CMHC shall have no further obligation of any nature or kind to the Contractor.
- (d) Any former public office holder must be in compliance with the post-employment provisions of the Conflict of Interest and Post-Employment Code for Public Office Holders (2006) in order to derive a direct benefit from any contract which may arise from this request for proposal.

2.18 Declaration re: Bid Rigging and Collusion

In submitting its proposal, the proponent certifies that:

- (a) prices as submitted in its proposal have been arrived at independently from those of any other proponent;
- (b) the prices as submitted have not been knowingly disclosed by the proponent, and will not knowingly be disclosed by the proponent prior to award, directly or indirectly, to any other proponent or competitor; and
- (c) no attempt has been made, nor will be made, to induce any other person to submit, or not to submit, a proposal, for the purpose of restricting competition.

2.19 Security Clearance

CMHC requires employees of the selected proponent to be security cleared in order to permit them access to CMHC premises when and if required. This process normally takes approximately 5 working days. If they are not security cleared, the proponent or its employees will require an escort by a CMHC employee while in CMHC premises and will not be granted access to CMHC information and systems.

2.20 Shortlist

The evaluation procedure may include a shortlist based on the stated criteria. The shortlisted proponents may be asked to prepare a presentation, supply demonstration equipment or provide additional information prior to the final selection. CMHC reserves the right to supply more information to those bidders who are shortlisted.

2.21 Joint Venture Responses

Joint venture proposals should adequately represent and communicate the proposed participation and responsibilities of each company in the joint venture, and must provide a description of the proposed joint venture business arrangement which would be entered into by all parties upon receipt of a contract. The description must list the companies involved, indicate how long the business arrangement has been in existence, indicate the service(s) each respective party would be providing and describe the proposed participation and responsibility of each party.

The proponent shall designate one of the partners as the contact person through whom any communication between the proponent and CMHC will be channelled during the RFP process.

Joint venture responses must be accompanied by a signed Certification of Submission from each participating company. Refer to Section 2.2.

2.22 Intellectual Property Rights

All material, reports and other work product produced under this (RFP and the resulting) Agreement will be the sole property of CMHC. The Contractor warrants that the Contractor is the only person who has or will have moral rights in the material created by the Contractor and supplied under this Agreement and the Contractor hereby waives in favour of CMHC all of the Contractor's moral rights in the material, as provided for in the law of copyright. Upon the material coming into existence, the Contractor agrees to execute any document requested by CMHC acknowledging CMHC's ownership of the material and work product and the waiver of the Contractor's moral rights therein.

2.23 Non-Disclosure of CMHC Information

Under this section, "CMHC Information" refers to any and all information which is managed, accessed, collected, used, disclosed, retained, received, created or disposed of in order to fulfil the requirements of the Contract, however obtained. Without limiting the generality of the foregoing, CMHC Information includes data held in any type of electronic format and information provided directly, indirectly or through third parties to the Contractor, any subcontractor, reseller, agent or any other person engaged to perform the Work under the contract.

The Contractor acknowledges and understands that all CMHC Information is subject to Canadian laws on privacy and access to information under which CMHC is bound and that CMHC considers CMHC information to be under its custody and control at all times.

The Contractor further understands and agrees to treat all CMHC Information as proprietary, confidential and sensitive unless otherwise specifically agreed to in writing by CMHC. The Contractor shall restrict access to CMHC Information to those person who have a need to know this information in order to perform the Work under the Contract.

The Contractor shall ensure that CMHC Information shall remain in Canada and expressly agrees to segregate CMHC Information (whether in electronic format or in hard copy) from any other information in a database or repository physically independent from all other databases or repositories. Without limiting the generality of the foregoing, the Contractor shall not and shall ensure that any subcontractor, reseller, agent or any other person engaged to perform any part of the Work does not release, share or otherwise divulge CMHC Information to any other person including subsidiaries, branch offices, partners of the Contractor or subcontractors without the prior written consent of CMHC.

Where disclosure of CMHC Information is required pursuant to a lawful requirement or for the purposes of complying with a subpoena or warrant lawfully issued or lawfully made by a court, person or body, the Contractor shall notify CMHC promptly after discovering the potential of disclosure of the CMHC Information so that CMHC has the opportunity to seek a protective order or other appropriate remedy.

The Contractor also agrees that in the event that disclosure of CMHC Information is required by a valid and applicable law, it shall, in co-operation with CMHC, do all things possible to prevent access to CMHC Information including but not limited to taking appropriate legal action against disclosure, providing information and other assistance in order for CMHC to take appropriate legal action against disclosure and ensuring that disclosure is strictly limited to the information lawfully requested.

3 SECTION 3 STATEMENT OF WORK

3.1 Overview of Section 3

This section of the RFP is intended to provide the prospective proponent with the information necessary to develop a competitive proposal. The Statement of Work is a complete description of the tasks to be done, results to be achieved and/or the goods to be supplied

3.2 Mandatory Requirements

A mandatory requirement is a minimum standard that a proposal must meet in order to be considered for further evaluation.

Any mandatory requirements associated with the Statement of Work are clearly identified in Section 4 - Proposal Requirement.

The Mandatory Compliance Checklist is located at Appendix E.

3.3 Statement of Work

ROLE AND RESPONSIBILITIES OF A CENTRAL PAYOR & TRANSFER AGENT

3.3.1 Preparation of Securities

The CPTA prepares and readies the securities 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 securities at the offices (window) of the CPTA. Securities 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.

3.3.2 Administration of Security Documents. In relation to the NHA MBS certificates which are issued to investors in MBS, the CPTA shall, among other things:

- i) ensure the control and safekeeping of unissued certificates;
- ii) prepare for issue the certificates of any new pool in accordance with the Schedule of Subscribers (as set out in the MBS Guide) submitted by the MBS issuer;
- iii) distribute the issued certificates of any new pool to the registered owner thereof;
- iv) provide services related to the maturation of a certificate or the sale or transfer of a certificate from one owner to another including the preparation of a new certificate, and cancellation of the old certificate in at least the following locations: Montreal, Toronto, and Vancouver;
- v) prepare certificates to replace damaged certificates and, upon being provided with a bond of indemnity, replace lost certificates;
- vi) cancel certificates on maturity/redemption;
- vii) maintain a Register of Certificates indicating initial registered owners, a history of all subsequent owners, and current owners at any particular time;
- viii) provide confirmation of certificate ownership for corporate and individual investors upon request.

3.3.3 Central Registry of Investors

The CPTA maintains a record of securities ownership and transfer information. This central registry is an automated system that records information on:

- o new issues of securities
- o the history of securities transfers for each issue
- o the current registered ownership of all outstanding securities.

3.3.4 Registration, Transfer and Assignment of Securities

Securities 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 the securities 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. Securities may be presented for registration of a transfer either at the CPTA's offices (window) or by mail.

Each security presented to the CPTA for transfer must be accompanied by a letter of direction that includes the following information on the securities forwarded for transfer:

- o NHA MBS pool number
- o CUSIP number
- o number of the certificate
- o original principal amount of security
- o exact spelling of name in which the replacing certificate is to be issued
- o complete address of the new Investor
- o name and telephone number of the person handling the transfer
- o complete instructions for delivering the new certificate.

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.

3.3.5 Issuance of NHA Mortgage Back Securities

NHA MBS pool documents must be submitted to CMHC, and the CPTA before the settlement date of the securities. The CPTA verifies that all required documents are in place for the mortgages to be securitized. Prior to initial pooling, the Issuer must provide to the CPTA satisfactory evidence of system capability to handle electronic file transfer and complete a standardized accounting test. Before the CPTA delivers the securities, the Issuer and all parties must complete specified documents mentioned in the NHA MBS Guide.

3.3.6 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 of a security, 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.

3.3.7 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 loan liquidation schedule and a loan substitution schedule, both of which must be completed and submitted for each NHA insured loan replaced in the pool. The report, along with supporting documents, must be delivered as soon as possible after the Issuer's cut-off date for the reporting period and must be received and verified by the CPTA no later than the third business day of each month.

3.3.8 Verification Functions in relation to partial prepayments and liquidations to be performed by the CPTA

For all MBS issuer's Monthly Accounting Reports produced for pre-payable MBS pools, the CPTA shall verify the accuracy of all information relevant in determining moneys paid including the accuracy of the following:

- i) Liquidations with a penalty amount paid through to investors:

The contractor shall verify that the penalty amount paid to investors is in accord with the information circular.

- ii) Liquidations without a penalty amount

The contractor shall verify that the reason for not paying a penalty on a loan liquidation is clearly indicated on the monthly accounting report, and the contractor shall ensure that this reason for not paying a penalty is clearly stated in the MBS pool information circular.

- iii) Partial prepayments

The contractor shall verify that the reason for not paying a penalty on a partial prepayment is clearly stated in the pool information circular. When the information required in (i), (ii) and (iii) above does not meet the above criteria as reported by the MBS issuer, the CPTA shall notify the MBS issuer of these discrepancies by the 6th working day of the month following the reporting period, and ask for the corrected information, if applicable, to be provided to the CPTA by the 10th working day of that month. A status report in a format to be prescribed by the Corporation shall be provided to CMHC by the 12th working day of the month. The CPTA shall ensure that the corrected information is accurately reported in the next CMHC accounting report.

3.3.9 Administration of NHA MBS Payments

3.3.9.1 Funds to Pay Investors

The Issuer will make available to the CPTA on the 14th of each month the funds required for the scheduled payment to the Investors each month on the 15th or the following business day in a timely manner.

In relation to payments from issuers, the CPTA shall perform the following:

- i) arrange for the automated/electronic transfer of funds from issuers to the CPTA for the payment of P & I and other payments owing to MBS investors each month and make any subsequent changes thereto;
- ii) verification by test debit of the MBS issuers' Central P&I Accounts;
- iii) perform the monthly transfer of funds out of the issuers' Central P&I Accounts within required turnaround times.
- iv) verify timely receipt of the required monthly accounting data for the mortgages with respect to which the MBS certificates have been issued, as well as their accuracy based on the edit requirements (to be provided in RFT). ;
- v) notify the MBS issuer upon discovery of any inaccuracy in the monthly accounting data and request, forthwith, revisions from the MBS issuer;
- vi) advance to the registered owners from the CPTA's own funds on behalf of the Corporation any monies requested by CMHC as required pursuant to the Corporation's guarantee of timely payment to cover a default by an NHA MBS issuer. The rate of interest to be charged is specified in the fee quotation, item 21. In the event of monetary default by the NHA MBS issuer, the CPTA will be expected to make the scheduled payment to investors on the 15th of the month, notwithstanding the MBS issuer's failure to have sufficient funds in its central P&I account. Upon notification by the CPTA, CMHC will transfer sufficient funds, plus interest for any period of delay between payment by the CPTA and reimbursement by CMHC;
- vii) provide an accounting to the Corporation of any monies advanced by the CPTA on behalf of the Corporation to cover a default;
- viii) prepare and forward invoices to each MBS issuer of servicing fees incurred.

3.3.9.2 Timing of Remittance to the CPTA

The Issuer must have in its Central P & I Account “same-day-funds” for each of its NHA Mortgage-Backed Securities pools. By 12:00 noon Toronto time on the 14th calendar day of each month, the Issuer is to transfer to the account specified by the CPTA all funds due to the investor and CMHC pertaining to the monthly accounting requirements. If the 14th calendar day is not a business day, the applicable date is the first business day after the 14th. 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. Payments to the Investors are made on the 15th of each month or the next business day.

3.3.9.3 Administration of Payments to Registered Owners of MBS

In relation to the Administration of Payments to the registered owner(s) of NHA MBS certificates, the CPTA shall perform the following:

- i) prepare the standard form of cheque and remittance advice, including advice of early maturity, to the registered owners, which forms shall be approved by CMHC;
- ii) provide the option of cheque or electronic/automated transfer of funds to the registered owners;
- iii) provide a conversion option to US currency for those registered owners who wish to receive their payments in US funds;

- iv) calculate the monthly payment due to the registered owners of the certificates and, when applicable to any payment due to a registered owner and due to governments for withholding tax (if applicable);
- v) prepare payments by cheque and for electronic transfer and associated remittance advices for the registered owners;
- vi) consolidate payments and remittance advices to a registered owner who has interests in more than one pool;
- vii) distribute promptly on the 15th of the month, or as specified in the guide where the 15th is a non-business day, all payments and remittance advices to all registered owners;
- viii) remit to the appropriate government any taxes withheld from a payment to a registered owner;
- ix) prepare, file with the appropriate authorities and distribute as required all reports required under federal and provincial income tax law;
- x) maintain an information system that is capable of providing, on a pool by pool basis, data on the outstanding balances of the mortgages in each pool and of the related securities, together with data on a monthly basis of the transactions of that month;
- xi) maintain the necessary records, trust accounts, etc. to accommodate pool maturity;

3.3.9.4 Advances

Where the Corporation has requested that the CPTA advance funds on behalf of the Corporation to the owners of the NHA Mortgage-Backed Securities certificates pursuant to the Corporation's guarantee of timely payment, the Corporation shall reimburse the CPTA for all funds advanced within 5 days of the date the funds were advanced by the CPTA, together with interest at the rate specified in the fee quotations submitted by the CPTA.

3.3.10 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 securities 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.

3.3.11 Maturity NHA Mortgage-Backed Securities

An issue of securities matures on the stated maturity dates of the certificates or on the last maturity date of an underlying pooled mortgage, whichever is earlier. If the last maturing pooled mortgage 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.

3.3.12 Termination NHA Mortgage-Backed Securities

A mortgage loan pool and the corresponding securities may be terminated at any time before the final maturity date of the securities as described in the previous paragraph as long as the Issuer and all Investors of the outstanding securities have entered into a written agreement requesting this termination. No pool may be terminated as a result of the Issuers unilaterally

prepaying principal amounts on the securities in excess of the scheduled or received payments of the mortgagors. The CMHC guarantee will be void upon formal notification to CMHC and 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.

3.3.13 Provision of Information to/on behalf of CMHC

In relation to the provision of information to/on behalf of the Corporation, the CPTA shall perform the following:

- i) transmit electronically to the Corporation between midnight and 5:00 a.m. on the 6th working day of each month, a copy of the accounting reports of the previous month; deliver the hard copy to the Corporation by the 8th working day along with maturing principal edit report and report on early maturing pools;
- ii) at the request of the Corporation be able to provide a report to the Corporation on the volume of transfer activity for the previous month;
- iii) notify the Corporation immediately of any failure on the part of a MBS issuer to provide reports as required or provide or make available funds for payment to the owners;
- iv) provide such information as the Corporation may request related to the demographics of the owners;
- v) provide to the Corporation as may be requested a reconciliation of issued and un-issued certificates;
- vi) provide to the Corporation as may be requested a report of unredeemed certificates and pool funds held in trust;
- vii) provide to the Corporation monthly a report on overrides of edits;
- viii) The Proponent must have the ability to generate and transmit reports electronically from the on-line data;
- ix) The Proponent must have the capability to provide adhoc reports upon request.

3.3.14 Maintenance of the Secondary Market

In relation to the secondary market, the CPTA shall calculate, consolidate and disseminate to CMHC and the investment community, NHA MBS pool information, in the format specified in the RFT and such other information as may be required from time to time by the Corporation. The CPTA shall make available in electronic form to interested industry parties the information at a cost to be negotiated between the CPTA and the interested parties. The CPTA shall not withhold access to this information nor cease to provide this information without reasonable cause.

3.3.15 Annual Audit Requirement

The CPTA shall, on an annual basis, retain the services of an external auditor to examine its processes and controls in relation to the NHA MBS Program, and to report on them in a Specified Procedures Report. The Specified Procedures Report will verify or examine the following based on professional auditing standards:

- i) whether funds received from Issuers are held in segregated trust/custodial account(s).

- ii) the accuracy of P & I payments forwarded to the registered owners of NHA MBS.
- iii) whether the CPTA ran the prescribed edit reports and notified the Issuer and/or CMHC of any errors.
- iv) that a back-up register of NHA MBS investors is maintained on an on-going basis and that the CPTA is performing transfers, exchanges or cancellations in accordance with Program requirements
- v) that the CPTA has a long-term committed credit facility with a Schedule I Bank with an available amount of at least \$350,000,000 along with an additional back-up line of credit facility in the minimum amount of C\$350 million with a different Schedule 1 Bank under the *Bank Act* (Canada) from the provider of the primary line of credit facility;, and that it holds liability insurance and fidelity bond coverage

The Specified Procedures Report is to be submitted within 90 days after the CPTA's fiscal year end.

The CPTA shall also be required to provide (together with the Specified Procedures Report) CMHC with a CFO Certification stating that it has complied with all the requirements under the CPTA Contract and the NHA MBS Program.

4 SECTION 4 PROPOSAL REQUIREMENTS

4.1 Overview of Section 4

Proposal responses are to be organized and submitted in accordance with the instructions in this section. Responses should be organized into the following Response Item sections.

Response Item #	Item
4.3	Covering Letter
4.4	Table of Contents
4.5	Executive Summary
4.6	Proponent's Qualifications
4.7	Response to Statement of Work
4.8	Financial Information
4.9	Pricing Proposal

Elaborate or unnecessarily voluminous proposals are not desired. Proponents are encouraged to take care in completely answering questions and proposal requirements and to avoid submitting extraneous materials that do not show how the proponent intends to meet requirements.

Requirements for each Response Item are detailed below.

4.2 Mandatory Proposal Requirements

Certain requirements in section 4 are identified as mandatory. See Section 1.6 Mandatory Requirements.

4.3 Covering Letter

A covering letter on the proponent's letterhead shall be submitted and include the following:

- (a) A description of the company or joint venture/consortium.
- (b) The names of the principals.
- (c) The primary contact person with respect to this RFP: the individual's name, address, contact numbers by phone and fax, and contact e-mail address, if available.
- (d) The locations of primary and all other offices that would be servicing the contract.

4.4 Table of Contents

The proponent shall include a table of contents using the response item headings and numbering system identified in this section of the RFP. The response should be paginated for easy referencing by the evaluation committee.

4.5 Executive Summary

The proponent's proposal should include an executive summary highlighting the following:

- (a) A summary of the proponent's proposal, including key features of the proposal, features that make the proposal superior, innovations or cost-saving opportunities.
- (b) A brief statement of the proponent's qualifications to meet the need of CMHC.

4.6 Proponent's Qualifications

Mandatory

The proponent's proposal should include information about the proponent's qualifications as follows:

- (a) A description of the firm, its organization, number of full-time employees and service specialization.
- (b) What is your company name, in what country and province / state is your company registered / incorporated, and is it a corporation, partnership or sole proprietorship?
- (c) If your company is regulated, please indicate the name of your company's primary regulatory/supervisor.
- (d) Provide the name and title of a contact person through whom all communication between CMHC and your company, regarding this RFP, will be conducted.
- (e) Resumés for all project personnel, including subcontractors, if any.
- (f) References: A list of all contracts of a similar size and scope which the proponent currently holds or has held over the past 24 months. For each contract, the following information: company name and address; contact person name and phone number. CMHC may approach any such contact person for information relating to the quality of work provided by the proponent.
- (g) Information about office location(s) answering these questions: If awarded this contract, which office would provide support services? How many personnel are located in this office and what is their specific experience with the proposed work?
- (h) Describe your company's strength as an adaptable and flexible organization by discussing your ability to propose solutions and adapt operations to changes in service requirements and/or specifications.
- (i) Describe your company's business resumption/continuity planning process and governance, accountability, control and risk management framework.

4.7 Response to Statement of Work

Mandatory

In this section, the proponent should provide detailed information relative to the specifications listed in Section 3, The Statement of Work. In addition, proponents must submit a completed Appendix B.

4.8 Financial Information

Mandatory

4.8.1 Credit Check

Sole proprietorships and partnerships must provide a statement contained within their proposal giving written permission for CMHC to perform a credit check as required.

Financial

CMHC reserves the right to conduct an assessment of the Proponent(s) financial capacity. CMHC requires the provision of the financial statements for the analysis of financial capacity. The proponent must provide a complete set of signed, detailed, audited financial statements for each of the last three (3) years of its firm. The proponent agrees to provide any other financial information that CMHC may subsequently request. The auditor's report must be signed by an appropriate officer of the audit firm. In the case that your financial statements are not audited, CMHC will only accept them if they are accompanied by a signed review engagement report for each year. A complete set of financial statements include at least the following: Auditor's Report (or Review Engagement Report), Balance Sheet, Income Statement, Cash Flow Statement, The Notes to the Financial Statements. In addition, CMHC requires the Proponent to provide the names of each shareholder who holds 20% or more interest in the company.

Note: Failure to comply with the Financial Information submission requirements as indicated above and within this section, will result in disqualification of the Proponent(s) at which time no further consideration will be provided to the respective submission(s).

Partnerships, Corporations, Joint Ventures and Consortiums:

CMHC requires the provision of the financial statements for the analysis of financial capacity. You must provide a complete set of signed, detailed, audited financial statements for each of the last three (3) years of your firm. You must agree to provide any other financial information that CMHC may subsequently request. The auditor's report must be signed by an appropriate officer of the audit firm. In the case that your financial statements are not audited, CMHC will only accept them if they are accompanied by a signed review engagement report for each year. A complete set of financial statements include the following: Auditor's Report (or Review Engagement Report), Balance Sheet, Income Statement, Cash Flow Statement, The Notes to the Financial Statements. In addition please provide the following information:

1. A description of the proposed joint venture or consortium business arrangement which would be entered into by all parties upon receipt of a contract. The description must list the companies involved, indicate how long the business arrangement has been in existence, indicate the service(s) each respective party would be providing and describe the proposed participation and responsibility of each party;
2. Designate one of the partners as the lead member and partner in charge through whom any communication between the proponent and CMHC will be channelled;
3. Each partner must provide the information requested of Suppliers in the Pre-qualification Questionnaire;
4. Each member of the joint venture or consortium must submit an original signed copy of the Certification of Submission form (Appendix A); and
5. Provide the following information regarding similar contracts in which the proposed joint venture or consortium have been, or are jointly involved: client, location, brief product and service description, value of contract, current status, and a reference including contact and phone number.

In the case of a joint venture or consortium, each and all members of the joint venture or consortium must provide the information required for their legal form as indicated above for partnerships or corporations. For partnerships of individuals (as opposed to partnerships of corporations), each individual must provide written permission for CMHC to perform a credit check on them as individuals.

4.9 Pricing Proposal

Mandatory

The proponent must provide a response relative to the pricing of the proposed services as outlined in the table below.

All prices and amounts of money in the proposal are to be quoted in Canadian dollars and be 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 to the price quoted by the Vendor and will be paid by CMHC.

FEE SCHEDULE

	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)	\$	Per Pool
2.	Issue Initial Certificates – Initial preparation and distribution of certificates at issuance.	\$	Per certificate issued
3.	Issue Initial DCI Deposit Receipt – Initial preparation and distribution of deposit receipt	\$	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)	\$	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)	\$	Per deposit receipt issued

6.	Replace Certificates – Issuance of new certificates to replace lost/damaged certificates (charged to presenter of request)	\$	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)	\$	Per certificate cancelled
8.	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	\$	Per pool/per month
9.	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 15th of the month or as per guide if the 14th or 15th 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)	\$	Per investor/per pool/per month
10.	Pay in US\$ - Provision of US currency accounts for only those holders requesting this service	\$	Per investor/per pool/per month

11.	Deliver Tax Reports – Reports to investors are required under the Income Tax Act, including preparing replacements for lost reports	\$	Per investor/per pool/per annum

For the purpose of completing the fee quotes, services not explicitly detailed in the above list are to be incorporated with the items provided by the Proponent.

5 SECTION 5 EVALUATION AND SELECTION

5.1 Overview of Section 5

Section 5 describes the process CMHC will use to evaluate proposals, select a lead proponent and finalize and sign a contract.

The lowest cost or any proposal will not necessarily be accepted and CMHC reserves the right to accept or reject any or all proposals in whole or in part.

CMHC reserves the right to alter the stated requirements as needs require and to accept an alternate proposal included in any proponent's response.

CMHC shall conduct the RFP process in a visibly fair manner and will treat all proponents equitably. To this end, it has established objective RFP standards and evaluation criteria which will be applied uniformly to all proponents. Therefore, no proponent shall have any cause of action against CMHC arising out of a failure to award a contract, the failure to evaluate any proposal, or the methods by which proposals are assessed.

5.2 Limitation of Damages

The proponent, by submitting a proposal, agrees that it will not claim damages in excess of an amount equivalent to the reasonable costs incurred by the proponent in preparing its proposal for matters relating to the agreement or in respect of the competitive process, and the proponent, by submitting a proposal, waives any claim for loss of profits if no agreement is made with the proponent.

5.3 Evaluation Table

The Evaluation Table as provided in Appendix "D" lists all the criteria upon which each proposal will be evaluated. The criteria are based on the requirements as provided in this RFP.

5.4 Evaluation Methodology

Each proposal will be examined to determine compliance with each mandatory requirement identified in this RFP. A proposal must comply with all of the mandatory requirements in order to proceed in the evaluation process. A proposal which is deemed by CMHC to be non-compliant in one or more mandatory requirements will be eliminated from further consideration. A proposal which meets all the mandatory requirements will be deemed compliant and will proceed in the evaluation process.

Each compliant proposal shall be individually evaluated by each member of the Evaluation Committee, made up of qualified personnel. Proponents will be deemed to either pass or fail the prequalification phase of the process (Appendix B). Once a proponent passes, they will proceed to the evaluation phase of the process (Appendix D). Evaluators shall evaluate and numerically score each proposal in accordance with the evaluation criteria as shown in the Evaluation Table, Appendix "D". Once individual evaluations are complete, the Evaluation Committee will discuss

and agree upon a final score for each proposal. The proponent with the highest score will be named the lead proponent.

5.5 Financial Evaluation

CMHC will carry out a credit check and/or a financial capacity on the lead proponent before beginning contract discussions. This is a pass/fail test. Pass means that contract discussions begin. Fail means that the lead proponent may not enter into contract discussions and is disqualified from further consideration. The financial evaluation will be based on the information supplied by the proponent as per Section 4.9 of this RFP.

5.6 Proponent Selection

Acceptance of a proposal does not oblige CMHC to incorporate any or all of the accepted proposal into a contractual agreement, but rather demonstrates a willingness on the part of CMHC to enter into negotiations for the purpose of arriving at a satisfactory contractual arrangement with one or more parties.

Without changing the intent of this RFP or the lead proponent's proposal, CMHC will enter into discussions with the lead proponent for the purpose of finalizing the contract. If at any time CMHC decides that the lead proponent cannot satisfy CMHC's requirements, CMHC may terminate negotiations. If at this time CMHC feels that the secondary proponent may meet the requirements, CMHC will continue the process with the secondary proponent and so on.

Announcement of the successful proponent will be made to all proponents following the signing of a contract.

6 SECTION 6 PROPOSED CONTRACT

6.1 Overview of Section 6

Attached in Section 6.3 is a proposed contract. The terms and conditions in this draft contract may be incorporated into any contract resulting from this RFP. CMHC reserves the right to add terms and conditions during negotiations. These terms and conditions will be within the scope of the RFP and will not affect the proposal evaluations.

The proponent's proposal and all associated correspondence from the proponent, where relevant, shall to the extent desired by CMHC form part of the final contract and the proponent must accept that the final contract form will be in a format acceptable to CMHC.

Submission of a proposal constitutes acknowledgement that the proponent has read and, unless otherwise stated in the proponent's proposal (including a declaration in the attached draft contract of any potential conflicts of interest), agrees to be bound by the terms and conditions in the draft contract in Section 6.3 in the event that the proponent is selected by CMHC to enter into a contract agreement.

For the purposes of this section the term "Contractor" refers to the successful proponent with whom CMHC enters into a contract agreement.

6.2 Mandatory Contract Terms and Conditions

The terms, conditions or sections of the draft contract in Section 6.3 that are labelled mandatory must be accepted by the proponent without alteration.

6.3 Proposed Contract

The attached proposed contract forms Section 6.3 of this RFP.

This **CENTRAL PAYOR AND TRANSFER AGENT AGREEMENT** dated as of January 1, (this "CPTA Agreement"), between **Canada Mortgage Housing Corporation**, (the "Corporation" or "CMHC"), and _____, as Central Payor and Transfer Agent (the "CPTA")

RECITALS:

WHEREAS CMHC has created the role of Central Payor and Transfer Agent for the National Housing Act Mortgage-Backed Securities Program;

WHEREAS CMHC wishes to appoint _____ to act as the Central Payor and Transfer Agent ("CPTA");

WHEREAS _____ agrees to act as CPTA;

WHEREAS it is desirable that CMHC and _____ enter into an agreement prescribing their respective duties and responsibilities with respect to the appointment of _____ as CPTA;

NOW THEREFORE in consideration of the premises and of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. PREAMBLE

The preamble forms an integral part of this Agreement.

2. DEFINITIONS

In this CPTA Agreement and the schedules hereto, as amended from time to time, the following terms, words and phrases shall have the meaning set forth below, except where the context clearly indicates otherwise:

- (i) "Agreement" or "CPTA Agreement" means this Agreement, including any schedules hereto, all as may be from time to time amended, modified or supplemented;
- (ii) "Applicable Laws" means all laws, statutes, regulations, by-laws, orders, judgments or decisions of any government, board, tribunal, court or public authority (collectively "law"), from time to time applicable to the CPTA or CMHC;
- (iii) "CPTA Services" means the provision, operation and management of Central Payor and Transfer Agent (CPTA) services for CMHC's National Housing Act (NHA) Mortgage-Backed Securities (MBS) Program, as outlined in this CPTA Agreement, including but limited to the following:
 - (a) payment of principal and interest (P&I) and other amounts owing to investors under their NHA MBS;
 - (b) periodic gathering of information from issuers of NHA MBS pools;
 - (c) the preparation, issuing, registration, and delivery of new NHA MBS certificates;
 - (d) the transfer of NHA MBS certificates to successive MBS investors/owners;
 - (e) the CPTA functions and responsibilities outlined in the NHA MBS Program Guide, as may be amended from time to time (hereafter referred to as "the MBS Guide");
 - (f) the services for which fees are chargeable pursuant to this CPTA Agreement payable by the third parties from whom or in respect of whom the services are being provided.
- (iv) "Delayed Certificate Inventory (DCI)" means the system under which ownership records are maintained in book entry form by the Central Payor and Transfer Agent (CPTA) and where, rather than a Certificate, an ownership receipt is issued and held in segregated custody for the holder.
- (v) "Force Majeure" means acts of God, wars (declared or undeclared), revolution, riot, insurrection, civil commotion, acts of terrorism, fires, floods, storms, slides, lockouts freight embargoes, power failures, mechanical or electrical breakdowns or non-availability of any machinery, equipment or service provided by any Person, provided that such event or circumstance is a major disabling event or circumstance in relation to the normal operations of the Party concerned as a whole which is beyond the reasonable control of the Party affected in carrying out its duties, covenants or obligations under this Agreement, provided always that lack of money, financing or credit will not be deemed to constitute an

event of Force Majeure;

- (vi) "Funding Date" means the CMHC designated business day, currently the 14th of the month. Any draw or funding on the Funding Date shall be consistent with any Canadian Payment Association requirements and taking into account Clearing Agencies requirements;
- (vii) "P & I" means principal and interest due to the registered owners of NHA MBS;
- (viii) "Payment Date" means the business day in the Province of Ontario following the Funding Date, usually the fifteenth of a month.

3. APPOINTMENT OF CPTA

- 3.1 Appointment. CMHC hereby appoints _____ as CPTA for the performance of CPTA Services and _____ hereby agrees to act in such capacity and to provide or cause to be provided the CPTA Services described in this CPTA Agreement upon the terms and conditions herein set forth.
- 3.2 Exclusivity. CMHC grants the CPTA the exclusive right to provide the CPTA Services during the term of this CPTA Agreement, for so long as the CPTA remains in good standing during the term of this Agreement.
- 3.3 Permitted Activities. The Corporation acknowledges that this appointment is non-exclusive and that the CPTA may act as a central paying agent of any Person, firm or corporation and may take any action or do anything in relation to such services so long as the CPTA is performing its obligations under this CPTA Agreement.
- 3.4 Commencement and Term of Agreement. The term of this CPTA Agreement shall be for a period of five (5) years commencing as of January 1, and terminating on December 31, , unless terminated by CMHC in accordance with the provisions contained in this Agreement.
- 3.5 Extension/Renewal of CPTA Agreement. This CPTA Agreement shall be automatically renewed for successive one (1) year terms ending December 31 of each year up to a maximum three (3) consecutive terms of one (1) year each unless it is terminated by either party giving prior written notice to the other party not less than one hundred and twenty (120) days prior to the end of any term.

4. SERVICES PROVIDED BY THE CPTA

- 4.1 Quality of Service. The quality of the CPTA Services shall be in accordance with industry customs and practices and with the requirements of any government body, if any, having jurisdiction under Applicable Laws. In addition, the CPTA shall maintain computerized facilities, readily adaptable to NHA MBS Program needs, be able to receive electronically from the CMHC approved issuers of MBS

(hereafter referred to as “MBS issuers”) mortgage and other data required for the NHA MBS Program, including the CMHC 2840 monthly accounting report data outlined in the MBS Guide.

- 4.2 Communications Specifications. Both parties shall make their best efforts to improve the connectivity of the electronic communications whenever and wherever possible.
- 4.3 Location of CPTA Services. The CPTA will provide registration and transfer facilities to investors in NHA MBS in at least the following locations: Montreal, Toronto, and Vancouver and drop off locations in Halifax, Winnipeg and Calgary.
- 4.4 CPTA Services. As may be further described hereunder, the CPTA shall, in its capacity as CPTA, during the term of this CPTA Agreement and any renewal thereof:
- (a) maintain a segregate trust/custodial account and any other required segregated accounts for the NHA MBS Program for the holding of money;
 - (b) be prepared to provide, on a monthly basis, a current list of all accounts under its administration for the NHA MBS Program to CMHC, if requested ;
 - (c) maintain separate records relating to each pool of mortgages and MBS as well as payments related to the NHA MBS Program;
 - (d) make payment in the amounts, to the Persons entitled thereto and at the times specified in the MBS Guide, subject to any instructions received from CMHC;
 - (e) make all required payments to the systems maintained by CDS, or to the systems of such other Clearing Agency in accordance with the MBS Guide, subject to any instructions received from CMHC, where applicable;
 - (f) when required, receive the proceeds of each NHA MBS pool when issued;
 - (g) debit the trust/custodial accounts on a monthly basis (or at such time as required by the MBS Guide) and transmit payments, subject to any instructions received from CMHC;
 - (h) perform data testing to confirm the adequacy of NHA MBS Program participants’ electronic and computerized systems;
 - (i) as provided under the MBS Guide, make payments in relation to fees, expenses, taxes, indemnity or otherwise as required, subject to any instructions received from CMHC;
 - (j) receive, comply with all directions provided by or on behalf of CMHC with respect to the application of all amounts received to be held by it in relation to NHA MBS Program and establish the electronic systems and wire transfers necessary to complete any payment directions;
 - (k) establish and maintain electronic communications with NHA MBS Program participants, Clearing Agencies and fiscal agents;
 - (l) receive all data, documents, information, forms, notices, instructions and other communications to be provided as required by NHA MBS Guide from all Persons participating in the NHA MBS Program;
 - (m) to cooperate with and provide any information requested by CMHC’s accountants and auditors;
 - (n) prepare and provide any reports required from the CPTA under the NHA MBS Guide;
 - (o) upon obtaining actual knowledge of a shortfall in any payment required to be made to any Person, promptly prepare and provide a report to CMHC describing such shortfall;
 - (p) ensure that proper books of account and complete records of all transactions undertaken or performed by it are maintained and render statements or copies thereof from time to time as requested by CMHC and its accountants;

- (q) notify CMHC upon obtaining actual knowledge of the occurrence of any discrepancies that are noted;
- (r) notify CMHC if the CPTA is unable to perform any of its duties or where there is a CPTA Event of Default under this CPTA Agreement; and
- (s) on an annual basis, retain the services of an external auditor to examine its processes and controls in relation to the NHA MBS Program, and to report on them in a Specified Procedures Report as prescribed by CMHC. The Specified Procedures Report is to be submitted within 90 days after the CPTA's fiscal year end.
- (t) provide CMHC with a CFO Certification (in the form prescribed by CMHC) stating that it has complied with all the requirements under the CPTA Contract.

4.5 Administration of Security Documents.

In relation to the NHA MBS Program, the CPTA shall, in its capacity as CPTA, during the term if this CPTA Agreement and any renewal thereof:

- (a) ensure the control and safekeeping of un-issued certificates, receipts and other relevant documents and information;
- (b) prepare for issue and deliver the certificates of any new pool in accordance with the Schedule of Subscribers and Contractual Agreement (as set out in the MBS Guide) submitted by the MBS issuer;
- (c) at all times keep a register or registers (hereinafter the "Register" or "Registers") in accordance with the MBS Guide, for the registration of NHA MBS certificates and registration of ownership, transfers, exchanges and cancellations upon maturity of NHA MBS certificates, in which shall be entered the names and addresses of the registered holders of NHA MBS certificates and the particulars of the NHA MBS certificates held by them;
- (d) upon surrender for registration of transfer of any NHA MBS certificate, authenticate, register and deliver, in the name of the transferee or transferees, a new NHA MBS certificate or certificates for a like aggregate principal amount in accordance with the MBS Guide and the prevailing Canadian transfer regulations and practices;
- (e) upon surrender of any NHA MBS certificate for exchange, authenticate, register and deliver new NHA MBS certificates of different authorized denomination(s) and for a like aggregate principal amount; the CPTA shall not be required to make any such exchange of NHA MBS certificates if as a result thereof, CMHC, the CPTA or the MBS Issuer would incur adverse tax or other similar consequences under the laws or regulations of any jurisdiction in effect at the time of the exchange;
- (f) date all new NHA MBS certificates authenticated and delivered by the CPTA upon registration of transfer or in exchange for NHA MBS certificates of other denomination so that neither gain nor loss of principal or interest shall result from such registration of transfer or exchange;
- (g) ensure that NHA MBS certificates presented or surrendered for registration of transfer or exchange are accompanied by a written instrument or instruments of transfer in a form satisfactory to the

CPTA which form shall be in accordance with the prevailing Canadian Transfer regulations and practices and duly executed by the registered holder or its duly authorized attorney;

- (h) treat the person in whose name any NHA MBS certificate is registered as the absolute owner of such NHA MBS certificate for the purpose of receiving payment of principal and interest on such NHA MBS certificate, and all other purposes whatsoever and neither CMHC nor the CPTA shall be affected by any notice to the contrary, short of fulfilling the requirements for registration of transfer and effecting the registration, and such payment shall be a good and sufficient discharge to CMHC and the CPTA for the amount so paid;
- (i) in case of any NHA MBS certificates being mutilated or defaced or lost, destroyed or stolen, subject to Applicable Laws, issue, certify and deliver, a new NHA MBS certificate in exchange for and in place of and upon cancellation of such mutilated or defaced NHA MBS certificate and in lieu of and in substitution for such lost, destroyed or stolen NHA MBS certificate in accordance with the MBS Guide;
- (j) provide confirmation of certificate ownership for corporate and individual investors upon request and payment of reasonable fees and expenses.

4.6 Administration of Payments from Issuers.

In relation to payments from issuers, the CPTA shall, in its capacity as CPTA, during the term of this CPTA Agreement and any renewal thereof, perform the following:

- (a) arrange for the automated/electronic transfer of funds from issuers to the CPTA for the payment of P&I and other payments owing to NHA MBS investors and CMHC each month, and make any subsequent changes thereto;
- (b) verification of the validity of the MBS issuers' central P&I Accounts once established;
- (c) received by cheque or electronic transfer the monthly transfer of funds out of the MBS issuers' central P&I accounts on the Funding Date;
- (d) verify timely receipt of the required monthly accounting data for the mortgages with respect to which the NHA MBS have been issued, as well as their accuracy based on the edit requirements as specified in Schedule "B" – Schedule of Edits;
- (e) notify the MBS issuer and CMHC upon discovery of any inaccuracy in the monthly accounting data and request, forthwith, revisions from the MBS issuer;
- (f) advance to the registered owners of NHA MBS certificates from the CPTA's own funds on behalf of the Corporation the scheduled payment to the NHA MBS investors on the Payment Date and any other moneys requested by the Corporation as required pursuant to the Corporation's guarantee of timely payment to cover a default by an MBS issuer, notwithstanding the MBS issuer's failure to have sufficient funds in its central P&I account; where the Corporation has requested that the CPTA advance funds on behalf of the Corporation to the owners of the NHA MBS certificates pursuant to

the Corporation's guarantee of timely payment, the Corporation shall reimburse the CPTA for all funds advanced within 5 days of the date the funds were advanced by the CPTA, together with interest at the market rate charged to the CPTA by its banking institution;

- (g) provide an accounting to the Corporation of any moneys advanced by the CPTA on behalf of the Corporation to cover a default; and
- (h) prepare and forward invoices to each MBS issuer and arrange for the collection of fees incurred and charged from time to time in respect of NHA MBS.

4.7 Verification Functions in Relation to Partial Prepayments and Liquidations to be Performed by the CPTA.

For all MBS issuer's Monthly Accounting Reports produced for all MBS pools types involving prepayment and liquidation, as outlined in the MBS Guide, the CPTA shall, in its capacity as CPTA and subject to system limitation and editing criteria as agreed upon by CMHC and the CPTA, during the term of this CPTA Agreement and any renewal thereof, verify the accuracy of all information relevant in determining moneys paid including the accuracy of the following:

(a) Liquidations with a penalty amount paid through to investors:

The CPTA shall verify that the penalty amount paid to investors equals at least three months interest or is in accord with the information circular.

(b) Liquidations without a penalty amount

The CPTA shall verify that the reason for not paying a penalty on a liquidation is clearly indicated on the monthly accounting report, and the CPTA shall ensure that this reason for not paying a penalty is clearly stated in the MBS pool information circular.

(c) Partial prepayments

The CPTA shall verify that the reason for not paying a penalty on a partial prepayment is clearly stated in the pool information circular.

When the CPTA is unable to verify what is required in (a), (b) and (c) above from what is reported by the MBS issuer, the CPTA shall notify the MBS issuer of the discrepancies by the 6th working day of the month following the reporting period, and ask for the corrected information, if applicable, to be provided to the CPTA by the 10th working day of that month. A status report in a format to be prescribed by the Corporation shall be provided to the Corporation by the 12th working day of the month. The CPTA shall ensure that the corrected information is accurately reported in the next CMHC accounting report. The timing of notification and reporting may be amended by mutual agreement of the parties.

4.8 Administration of Payments to Registered Owners of MBS

In relation to the Administration of Payments to the registered owner (s) of NHA MBS certificates, the CPTA shall, in its capacity as CPTA, during the term of this CPTA Agreement and any renewal thereof perform the following:

- (a) prepare the payments by cheque or electronic funds transfer and associated remittance advice, including advice of early maturity to the registered owners;
- (b) offer the option of cheque or electronic automated transfer of funds to the registered owners;
- (c) provide a conversion option to US currency for those registered owners who wish to receive their payments in US funds;
- (d) calculate the monthly payment due to the registered owners of the NHA MBS certificates and due to government for withholding tax, when applicable to any payment due to a registered owner of NHA MBS certificates;
- (e) consolidate payments and remittance advices to a registered owner who has interests in more than one pool;
- (f) distribute all payments and remittance advices to registered owners of NHA MBA certificates by the Payment Date and deliver electronic transfer data adequately in advance of the Payment Date to ensure timely receipt by registered owners;
- (g) remit to the appropriate government any taxes withheld from a payment to a registered owner;
- (h) remit, file with the appropriate government authorities and distribute as required all reports required under federal and provincial income tax legislation;
- (i) maintain an information system that is capable of providing, on a pool by pool basis, data on the outstanding aggregate mortgage balances of the pools and of the related securities, together with data on a monthly basis of the transactions of that month; and
- (j) maintain the necessary records, accounts etc. to accommodate pool maturity.

4.9 Provision of Information to/on behalf of CMHC

In relation to the provision of information to/on behalf of the Corporation, the CPTA shall, during the term if this CPTA Agreement and any renewal thereof perform the following:

- (a) transmit electronically to the Corporation between midnight and 5:00 a.m. on the 6th business day of each month, a copy of the accounting reports of the previous month; deliver the hard copy to the Corporation by the 8th business day along with maturing principal edit report and report on early maturing pools;
- (b) at the request of the Corporation be able to provide a report to the Corporation on the volume of transfer activity for the previous month;
- (c) notify the Corporation immediately of any failure on the part of a MBS issuer to provide reports as required or provide or make available funds for payment to the owners;
- (d) provide such information as the Corporation may request related to the demographics of the owners;
- (e) provide to the Corporation as may be requested a reconciliation of issued and un-issued certificates;
- (f) provide to the Corporation as may be requested a report of unredeemed certificates and pool funds held in trust;
- (g) provide to the Corporation monthly a report on overrides of edits as specified in Schedule "B" – Schedule of Edits;
- (h) provide for a Delayed Certificate Inventory, receipts, replacement MBS and reports thereon;

(i) provide such other information and/or adhoc reports to CMHC upon request.

The timing of notification and reporting may be amended by mutual agreement of the parties.

4.10 Maintenance of the Secondary Market

In relation to the secondary market, the CPTA shall calculate, consolidate and disseminate to CMHC and the investment community, NHA MBS pool information, in the format specified in Schedule “C” – Data Forms and such other information as may be required from time to time by the Corporation.

The CPTA shall make available in electronic form to interested industry parties the information as specified in Schedule “C” – Data Forms at a cost to be negotiated between the CPTA and the interested parties. The CPTA shall not withhold access to this information nor cease to provide this information without reasonable cause.

4.11 Obligation for Fees

The CPTA agrees that, except where specifically provided in Schedule “A” – Fee Schedule to this Agreement, the payment of the fees for the services rendered by the CPTA shall be the obligation of the MBS issuer or the registered owner of the NHA MBS certificate on behalf of whom or for the benefit of whom the service was rendered by the CPTA. The CPTA further agrees that the Corporation shall not be liable for, nor shall the CPTA make demand against the Corporation in respect of, any fees for any service rendered by the CPTA to any MBS issuer in respect of any issue or to any owner of an NHA MBS certificate except where the Corporation has given written notice to the CPTA that it has assumed the obligations of an MBS issuer to make payments for the services rendered by the CPTA on behalf of or for the benefit of the MBS issuer in respect of such issues as may be specified in the notice and for such period of time as may be specified in the said notice.

4.12 Application of Fees

The CPTA agree that the fees set out in Schedule “A” – Fee Schedule shall be the fees that the CPTA shall apply to all services rendered by the CPTA to the Corporation and to all Issuers in respect of all issues of NHA MBS and to all owners of NHA MBS certificates. Without limiting the generality of the forgoing, the CPTA shall not charge, collect or accept any additional fee for the said services and shall not offer any discount or rebate without CMHC’s consent, or charge, collect or accept any premium, surcharge or penalty for the said services from any MBS issuer in respect of any issue of NHA MBS or from any owner of an NHA MBS certificate.

4.13 Duration of Fee Quotation.

During the term of this CPTA Agreement and any renewal thereof, the Corporation and the CPTA agree that the fee set out in Schedule “A” – Fee Schedule shall remain in effect.

5. CONFIDENTIALITY OF DOCUMENTS

In this Section 5, the following term shall have the following meanings:

“Confidential Information” means all information, data, files, systems, software, processes, methodologies, Protocols, documentation and other materials communicated to the CPTA or to which the CPTA has access relating to or arising in connection with any services being provided by the CPTA, whether oral, written or in any other form whatsoever. “Confidential Information” shall not include information which is (i) publicly known or becomes publicly known through no unauthorized act of a person bound by a confidentiality agreement, (ii) rightfully received from a third party, or (iii) independently developed by the CPTA without use of the Confidential Information so long as such independent development can be clearly documented and verified.

Except as may otherwise be permitted in the CPTA Agreement, the CPTA covenants that the CPTA and its employees shall:

- (a) protect and maintain the confidentiality of the Confidential Information in a manner no less stringent than it uses to protect similar confidential information which it owns, which in any event shall not be less than a reasonable degree of care;
- (b) not disclose, or allow to be disclosed, the Confidential Information to any person other than to employees who have a need-to-know in order to perform the CPTA Services or otherwise as required to be disclosed under Applicable Law;
- (c) prevent unauthorized use or reproduction of the Confidential Information, including by limiting access to Confidential Information to employees and agents of the CPTA who are necessary to perform the CPTA Services or facilitate the purposes of this CPTA Agreement and who are obligated pursuant to the terms of this CPTA Agreement or otherwise to hold such Confidential Information in confidence;
- (d) not use the Confidential Information for any purpose other than to perform the CPTA Services;
- (e) take all necessary precautions to restrict access to the Confidential Information; and
- (f) comply with all requirements of any and all privacy or access to information legislation applicable to it under Applicable Law, including, without limitation, the *Personal Information Protection and Electronic Documents Act* (Canada) and the use of any "personal information" (as defined in such Act) that it may obtain under or in connection with the CMHC NHA MBS Program.

The CPTA acknowledges and agrees that all Confidential Information is and shall at all times remain the property of the Corporation. The CPTA acknowledges and agrees that monetary damage will not be adequate if the CPTA breaches this Section 5 and that the Corporation shall be entitled to seek injunctive or other affirmative relief or to terminate this CPTA Agreement, or both, without such constituting an election of remedies, the Corporation being entitled to each and every remedy available under this CPTA Agreement, at law and in equity for a breach of this Section 5 by the CPTA.

Without limiting the generality of the foregoing, the CPTA or its employees or agents will treat as confidential during, as well as, after expiry of the CPTA Agreement, any information that individually identifies a mortgagor or NHA MBS investor or the particulars of their mortgage or investment, all pool arrears information, any document provided to the CPTA by CMHC that has been marked by the word “Confidential” and all

information relating to the affairs of CMHC of which it acquires knowledge as a result of its engagement hereunder as a CPTA. All such information shall be retained by the CPTA for at least seven (7) years after the maturity of any MBS pool to which it relates.

Upon termination of this CPTA Agreement, in order to ensure continuing confidentiality, the CPTA will deliver over to or on the direction of CMHC the Registers, all NHA MBS certificates and any documents connected with the performance of its duties hereunder that are in its possession. A receipt signed by an authorized officer of CMHC shall be a valid discharge to the CPTA. Should CMHC direct the CPTA in writing to destroy certain documents, the CPTA will effect such destruction within six (6) months of the termination of the Agreement and provide CMHC specific proof under Oath of their destruction.

6. INTELLECTUAL PROPERTY

In this Section 6, the following terms shall have the following meanings:

“CMHC Material” means the systems, programs, and software, templated forms, processes, methodologies, reports, evaluations, manuals, algorithms, analyses and protocols which are not CPTA Material or CPTA Modifications and which are owned or originated by or for the Corporation;

“CPTA Material” means the systems, programs, and software, templated forms, processes, methodologies, reports, evaluations, manuals, algorithms, analyses and protocols, provided by the CPTA for use in the provision of the CPTA Services which are owned, supplied, adapted or originated by the CPTA (i) prior to the earlier of (1) the entering into this CPTA Agreement, (2) the provision by the CPTA of the CPTA Services to CMHC, and (3) the disclosure to the CPTA by the Corporation of any information respecting the NHA MBS Program; or (ii) the purposes of its other business activities that are not related to the provision of the CPTA Services;

“CPTA Modifications” means systems, programs, software, processes, methodologies or protocols and any and all improvements, enhancements or modifications to the CPTA Material and any manuals specifically related thereto, which are developed, prepared, conceived, made or suggested by or for the CPTA at the CPTA’s cost to enable the CPTA to provide the CPTA Services, including all such developments as are originated or conceived during the provision of the CPTA Services but are not completed or reduced to writing thereafter;

“Work Product” means any and all analyses, evaluations, reports, memoranda, letters and notices which are developed, prepared, conceived, made or suggested by any Person other than the CPTA or the Corporation to enable the CPTA to provide the CPTA Services, including all such developments as are originated or conceived during the provision of the CPTA Services but are completed or reduced to writing thereafter, but specifically excluding CPTA Material, CPTA Modifications, CMHC Material.

6.1 Ownership of CPTA Material

- (a) Material Owned by CPTA. The CPTA Material and the CPTA Modifications including the intellectual property rights therein will be and will remain the exclusive property of the CPTA. To the extent any CPTA Material or CPTA Modification is required by the Corporation in order to access information, data, files and reports of the Corporation, if the CPTA fails to provide any such information, data, files or reports in a timely manner, or upon a CPTA Event of Default, then the

CPTA hereby grants to the Corporation a non-exclusive license, royalty free, irrevocable to use such CPTA Material and/or CPTA Modifications during the term of this CPTA Agreement for the sole purpose of the provision of the CPTA Services.

- (b) Material Owned by the Corporation. The Corporation's Material will be and will remain the exclusive property of the Corporation. To the extent any Corporation Material is required by the CPTA to enable it to perform the CPTA Services, the Corporation hereby grants the CPTA a non-exclusive licence to use the Corporation's Material during the term of this CPTA Agreement, for the sole purpose of provision of the CPTA Services.
- (c) Information. Any and all information, data, files and reports provided under or in connection with the NHA MBS Program, which were not produced principally for another purpose, regardless of the media, which have been communicated to or learned by the CPTA in connection with the provision by the CPTA of the CPTA Services (the "**Learned Information**") will be and remain the exclusive property of the Corporation.

6.2 Third Party Work Product. Work Product will be the exclusive property of the Person who provides such Work Product to or for the Corporation, provided, as reasonably determined by the CPTA, the CPTA shall cause such Person to enter into an agreement with the Corporation containing provisions of like tenor and effect as contained in this Section 6, including, but not limited to (i) granting the Corporation the perpetual, irrevocable right to use such Work Product free of charge, (ii) providing copies of any materials to the Corporation upon written request of the Corporation, (iii) agreeing that any Corporation Material and any improvements, enhancements, summaries or modifications thereof set forth in the Work Product will be and remain the exclusive property of the Corporation and shall be deemed to be Corporation Material, and (iv) assigning any improvements, enhancements, summaries and modifications of Corporation Material to the Corporation.

6.3 Use of Materials. To the extent requested by the Corporation, and to the extent that the CPTA does not incur significant costs in relation thereto, the CPTA shall use, exclusively, forms, processes, methods, programs, software and manuals provided and/or mandated (providing the mandated form, process, method, program, software and/or manual is available) by the Corporation, to the extent that it does not materially adversely affect the provision of CPTA Services.

6.4 Confidentiality. It is understood and agreed that any and all of the templated forms, ideas, processes, methods, programs, software and manuals and any improvements, enhancements or modifications thereof and thereto and any other material and all oral, written or documentary information, if any, provided by and/or belonging to the Corporation, regardless of its medium, designated as confidential, is disclosed in circumstances of confidence or would be understood by the CPTA or any Person providing Work Product, exercising reasonable business judgment, to be confidential and includes information which is obtained by performing the CPTA Services or by developing Work Product, and information which is derived or prepared using any of the foregoing, shall constitute Confidential Information within the meaning of this CPTA Agreement and, in particular, within the meaning of Section 5.

6.5 Return of Material Upon Termination. Upon termination of this CPTA Agreement or where the current CPTA no longer acts as CPTA, the CPTA shall forthwith deliver over to the Corporation or the replacement CPTA, as directed by the Corporation, all copies of all CMHC Material which are in the possession or under the control of the CPTA, and the Corporation shall forthwith deliver to the CPTA,

all copies of all CPTA Material and CPTA Modifications which are in the possession or control of the Corporation.

7. REPRESENTATIONS AND WARRANTIES

7.1 Representations of the Corporation. The Corporation represents and warrants to the CPTA that the execution, delivery and performance by the Corporation of this CPTA Agreement are within the powers of the Corporation and have been duly authorized by all necessary action on the part of the Corporation and do not contravene Applicable Laws or any contractual restriction binding on or affecting the Corporation.

7.2 Representations of the CPTA. The CPTA represents and warrants to the Corporation that:

- (a) its employees are knowledgeable in the administration of cash flows and the obligations and duties of the CPTA hereunder;
- (b) it is a company or an affiliate of a financial institution with a Net Worth in excess of \$100,000,000 determined in accordance with Canadian Generally Accepted Accounting Principles, during the term of this CPTA Agreement and for the purposes of this CPTA Agreement, it maintains a long-term committed line of credit with a Schedule I Bank under the *Bank Act* (Canada) the available amount of at least \$ 350,000,000;
- (c) it maintains a professional liability insurance policy and a financial institution bond to cover the potential risks under this CPTA Agreement and that is reasonably required under normal prudent business practices of a trust company that provides payment agent services;
- (d) any and all segregated trust/custodial property that it holds in accounts maintained with a third party financial institution are held in segregated trust/custodial accounts of such financial institution; and
- (e) the CPTA makes the additional representations and warranties set out in Schedule E - CPTA Representations and Warranties.

7.3 Survival of Representations and Warranties. The representations and warranties made in this CPTA Agreement and in Schedule E - CPTA Representations and Warranties shall survive the execution of this CPTA Agreement.

8. COVENANTS OF THE CPTA

8.1 Covenants of the CPTA. During the term of this CPTA Agreement, the CPTA hereby covenants that:

- (a) the CPTA shall at all times be a company or an affiliate of a financial institution, with a Net Worth in excess of \$100,000,000 determined in accordance with Canadian Generally Accepted Accounting Principles during the term of this CPTA Agreement and for the purposes of this CPTA Agreement, it

shall at all times maintain a long-term committed line of credit with a Schedule I Bank under the *Bank Act* (Canada) the available amount of at least \$350,000,000;

- (b) the CPTA shall hold the segregated trust/custodial property in segregated accounts and shall not commingle its assets therewith;
- (c) the CPTA shall maintain its books and records separate and apart from those of the NHA MBS Program;
- (d) the CPTA shall not hold itself out as able to bind the Corporation;
- (e) the CPTA shall not cause the Corporation to pay or be liable to pay any fees or compensation to any Person except as is necessary for the Corporation to comply with its obligation under the NHA MBS Program and this CPTA Agreement;
- (f) the CPTA shall at all times hold itself out to the public as separate and distinct from any other Person, including without limitation, the Corporation;
- (g) the CPTA shall at all times ensure that any and all trust/custodial property that it holds in accounts maintained with a third party financial institution shall be held in segregated trust/custodial accounts of such financial institution;
- (h) the CPTA shall at all times maintain the accounts which hold trust custodial property in financial institutions satisfactory to the Corporation and acknowledges that the Corporation has the right to approve the banking institution and require changes when it believes MBS funds may be at increased risk; and
- (j) the CPTA shall hold in trust all funds held by it for the payment of the P&I and other amounts owing to investors under their NHA MBS.

9. DEFAULT: RIGHTS OF THE CORPORATION

9.1 CPTA Events of Default. For the purposes of this CPTA Agreement, any one or more of the following circumstances, acts, omissions constitute an event of default (hereafter called an “Event of Default” and in the plural “Events of Default”), namely:

- (a) Failure to provide Services. If the CPTA is not capable of providing all the services required to be provided or performed by the CPTA pursuant to this Agreement;
- (b) Payments. If the CPTA fails to distribute all payments and remittance advices to owners of NHA MBS on the due date thereof;
- (c) Availability of Funds. If the CPTA fails to make available such funds as may be requested by the Corporation pursuant to section 4.6 (f) hereof;

- (d) Timely basis. If the CPTA fails to perform on a timely basis any other service required to be performed by the CPTA for the Corporation or in respect of any MBS issuer and any issue and in respect of any owner of a MBS security pursuant to this CPTA Agreement, or if the CPTA is otherwise in default under any of the provisions of this contract;
- (e) Material Adverse Change. If the CPTA merges with, is amalgamated with, or acquires the assets or liabilities of another corporation; the CPTA disposes of a substantial portion of its assets or liabilities; there is a significant change in the management control of the CPTA;
- (f) Bankruptcy, Insolvency. A receiver is appointed in respect of the undertaking of the CPTA; an order is made, a resolution is passed or proceedings are taken for the winding-up, liquidation or dissolution of the CPTA; the CPTA becomes insolvent or bankrupt or a bankruptcy petition is filed against it; the CPTA makes an assignment for the benefit of its creditors or takes the benefit of any Act that may be in force for relief of debtors;
- (g) Net Worth. If the net worth of the CPTA falls below \$100,000,000;
- (h) Representations or Warranties Untrue. The CPTA makes a representation or warranty under this CPTA Agreement, which is considered, in the sole and absolute discretion of the Corporation to be materially incorrect or incomplete when made or deemed to be made and if capable of cure (and if thereby eliminating any adverse effect to the Corporation from the original incorrectness or incompleteness) shall not have been cured within five (5) business days of receipt by the CPTA of written notice thereof from the Corporation; provided that if such incorrectness or incompleteness is capable of cure but cannot be reasonably cured within five (5) business days, no CPTA Event of Default shall exist so long as the CPTA is diligently attempting to cure such incorrectness or incompleteness and such incorrectness or incompleteness is cured within ten (10) business days of such notice;
- (i) Provision of NHA MBS Program. CMHC makes a decision to no longer provide or is otherwise precluded from providing the NHA MBS Program;
- (j) Legal Proceedings. Any action, suit or proceeding, at law or in equity, by any person or entity, or any arbitration or other proceeding is adversely affecting or may adversely affect the CPTA's ability to perform its obligations under the CPTA Agreement;
- (k) Notice. If the CPTA gives reasonable notice to CMHC that it no longer wishes to provide the CPTA Services;
- (l) Breach of Covenant. The CPTA fails to comply with any other covenant under this CPTA Agreement.

9.2 Rights upon a CPTA Event of Default. If an Event of Default has occurred and is not cured as prescribed herein, the Corporation shall have, at its sole election, the right to make any one or more of the following actions:

- (a) Terminate this CPTA Agreement upon delivery of notice thereof to the CPTA; and/or

(b) Bring any proceedings in the nature of specific performance, injunction or other equitable remedy, it being acknowledged by each of the parties hereto that damages at law may be an inadequate remedy for a default or breach of this CPTA Agreement; and/or

(c) Bring any action at law or in equity as may be necessary or desirable in order to recover damages; or

(d) Waive such default by notice in writing.

9.3 CMHC Right to Remedy. In any CPTA Event of Default shall occur which is capable of being remedied, and if the default is not remedied to the satisfaction of CMHC within 10 days of receipt by the CPTA of notice thereof, CMHC may take such steps to do or cause to be done such things as may be necessary to remedy or alleviate the effects of such default (including, without limiting the generality of the foregoing, payments to third parties) and may thereupon charge the total costs and expenses incurred in so doing to the CPTA which shall pay the same forthwith.

9.4 Remedies Cumulative. The rights and remedies of the Corporation under this CPTA Agreement are cumulative and are in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by the Corporation of any right or remedy for a default or breach of any term, covenant, condition or agreement herein contained shall not be deemed to be a waiver of or to alter, affect, or prejudice any other right or remedy to which the Corporation may be lawfully entitled for same default or breach. Any waiver by the Corporation of the strict observance, performance or compliance with any term, covenant, condition or agreement herein contained, any indulgence granted by the Corporation shall be deemed not to be a waiver of any subsequent default.

9.5 Termination of NHA MBS Program. Despite termination of the NHA MBS Program, the Corporation and the CPTA agree that at all times when NHA MBS certificates are outstanding, there shall be a CPTA hereunder and that the CPTA shall be a bank or trust company organized and doing business under the laws of Canada, in good standing and provided that CMHC, at its sole election, may require the CPTA to continue to provide the CPTA Services pursuant to this Agreement or appoint another CPTA or act as CPTA until no NHA MBS certificates remain outstanding.

10. STANDARD OF CARE, LIMITATION OF LIABILITY AND RELATED MATTERS

10.1 Standard of Care. The CPTA shall exercise its powers and carry out its obligation hereunder as CPTA honestly, in good faith and shall exercise that degree of care, diligence and skill that a reasonable prudent transfer and payment agent would exercise in the circumstances.

10.2 Limitation of Liability of the CPTA.

(a) The CPTA agrees that CMHC shall not be liable for any injury or damage (including death) to the person of any officer, employee or agent of the CPTA or for loss of or damage to the property of the CPTA or its officers, employees or agents in any manner based upon, occasioned by or in any way attributable to operations, acts or omissions under or in connection with this CPTA Agreement unless

the injury, loss or damage is caused by the negligence of an officer or employee of CMHC while acting within the scope of his employment.

- (b) Indemnification by the CPTA. The CPTA agrees that it shall at all times indemnify and save harmless CMHC and each of the directors, officers, employees and agents, or any of them, from and against all claims, demands, losses, costs, expenses, damages, actions, suits or other proceedings by whomsoever made, sustained, brought or prosecuted in any manner based upon, occasioned by or attributable to anything done or omitted to be done by the CPTA, its officers, employees, or agents in connection with this CPTA Agreement or with the operations, performed, purportedly performed or required to be performed by the CPTA under this Agreement.
- (c) Indemnification by the Corporation. CMHC agrees that is shall at all times indemnify and save harmless the CPTA and each of directors, officers, employees and agents, or any of them, from and against all claims, demands, losses, costs, expenses, damages, actions, suits, or other proceedings by MBS issuers and investors in NHA MBS made, sustained, brought, or prosecuted in any manner based upon, occasioned by or attributable to any specific written direction by CMHC, its officers, employees, or agents regarding what is required to be performed and how it is to be performed in connection with this Agreement, MBS Program Guide and the operations, performed, purportedly performed or required to be performed by the CPTA under this Agreement.
- (d) Anti-money laundering or anti-terrorist legislation. During the term of this Agreement, the parties recognize that if any issues were raised in respect of anti-money laundering or anti-terrorist legislation which would affect the provision of the CTPA Services, the parties would work together in order to reach a reasonable solution acceptable to both parties.
- (e) Notice. Each indemnified party shall give prompt notice to each other of any action commenced against it in respect of which indemnity maybe sought under this Agreement but failure to so notify any indemnifying party shall not relieve it from any liability which it may have otherwise than on account of this indemnity. An indemnifying party may participate at its own expense in the defence of such action. If it so elects within a reasonable time after receipt of such notice, an indemnifying party may assume the defence of such action with legal advisors chosen by it and approved by the indemnified party defendant in such action, unless such indemnified party reasonably objects to such assumption on the ground that there may be legal defences available to it which are different from or in addition to those available to such indemnifying party, but an indemnifying party may not settle any action commenced against an indemnified party without the written consent of the indemnified party. In order to be entitled to an indemnity with respect to a claim hereunder, an indemnified party will not, without the prior written consent of the indemnifying party, settle or compromise or consent to the entry of any judgment with respect to such pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnifying party is an actual or potential party to such claim or action). If an indemnifying party assumes the defence of any such action, the indemnifying party shall not be liable for any fees or expenses of the legal advisors of the indemnified party incurred thereafter in connection with such action. In no event shall the indemnifying party be liable for the fees and expenses or more than one legal advisor for the indemnified party in connection with any one action or separate but similar or related actions arising out of the same general allegations or circumstances.

11. TRANSFER OF CPTA RESPONSIBILITIES

- 11.1 No transfers. Except as provided herein, the CPTA Services set out in this CPTA Agreement may not be transferred or assigned or any interest or obligation herein, without the written consent of each party hereto. Any corporation into which the CPTA hereunder may be amalgamated, merged or converted, or any corporation with which the CPTA may be consolidated, or any corporation resulting from any amalgamation, merger, conversion or consolidation to which the CPTA shall sell or otherwise transfer all or substantially all of the corporate trust business of the CPTA, provided that it shall be qualified as aforesaid, shall be the successor CPTA under this CPTA Agreement without the execution or filing of any paper or any further act on the part of any the parties hereto, but subject to prior notice to and the prior approval of CMHC.
- 11.2 Transferring CPTA Responsibilities. In a transfer of the CPTA Services, the CPTA shall maintain responsibilities for the care and control of all the documents held until the time of their release to a substitute CPTA.

12. TERMINATION

- (a) This CPTA Agreement may be immediately terminated by the Corporation by notice in writing to the CPTA if:
- i. the CPTA ceases to have the power and authority pursuant to Applicable Laws or any other relevant law to provide the services hereunder;
 - ii. the CPTA fails to meet the financial criteria set forth in this CPTA Agreement;
 - iii. the CPTA shall cease to carry on business, become bankrupt or insolvent, resolve to wind up or liquidate or if a receiver of any of the assets of the other party is appointed;
 - iv. there is a CPTA Event of Default; or
 - v. the CPTA shall commit any other material breach of the provisions hereof and shall not have remedied such breach within ten (10) business days after written notice requiring the same to be remedied;
- provided, however, that rights already accrued at the time of termination of this CPTA Agreement shall not be affected by such termination.
- (b) This CPTA Agreement shall terminate, subject to the prior written approval of the Corporation, and on such terms and conditions as the Corporation may require:
- i. on mutual consent of the Corporation and CPTA; or
 - ii. upon the transfer of CPTA responsibility to a substitute CPTA.

(c) In addition to and not in substitution for the obligations set out in Section 4, upon termination of this CPTA Agreement, the CPTA shall forthwith deliver to the Corporation:

- i. to the extent that it maintains records in electronic format, electronic versions of all such records not previously delivered prior to such termination in a format and version that would be reasonably accessible by a substitute CPTA whose normal business is similar to that of the retiring CPTA;
- ii. all records, documents and books of account of, or relating to the Corporation; and all materials and supplies for which the CPTA has been paid by the Corporation;

which are in the possession or control of the CPTA and relate directly or indirectly to the performance by the CPTA of its obligations under this CPTA Agreement provided, however, that the CPTA may retain notarial or other copies of such records, documents and books of account and the Corporation shall provide at its head office the originals of such records, documents and books of account whenever required to do so by the CPTA for the purpose of legal proceedings or dealings with any Governmental Authorities.

The CPTA agrees that upon termination of this CPTA Agreement and so long as the Corporation is diligently seeking a successor CPTA, it will continue to perform the CPTA Services set out in this CPTA Agreement until a successor central paying agent possessing the necessary qualifications required to act as CPTA has been approved by the Corporation and has entered into a CPTA Agreement with the Corporation, but in no event shall the CPTA be required to perform the CPTA Services for more than one hundred and eighty (180) days after the termination of this CPTA Agreement.

13. MISCELLANEOUS

- 13.1 Notices. Unless otherwise specified herein, all notices, requested, demands or other communications to or upon the respective parties hereto shall be in writing and shall be deemed to have been given (i) in the case of notice by letter, the earlier of when delivered to the addressee by hand or courier if delivered on a business day and, if not delivered on a business day, the first business day thereafter or on the third business day after depositing the same in the mails, registered or certified mail, postage prepaid, return receipt requested, and (ii) in the case of notice by facsimile when receipt is confirmed if delivered on a business day and, if not delivered on a business day, the first business day thereafter, in each case if the addressed to any of the parties listed below at its address set forth below or, in the case of any such party, at such other address as such party may from time to time designate by written notice to the other party:

In the case of CMHC:

Canada Mortgage and Housing Corporation
700 Montreal Road
Ottawa, Ontario
K1A 0P7
Attention: Vice-President, Capital Markets
Fax: 613 748-4865

with a copy to:

Canada Mortgage and Housing Corporation
130 Adelaide Street W, Suite 2000
Toronto, Ontario
M5H 3P5

Attention: Director, Securitization Operations
Fax: 416-218-3312

In the case of the CPTA:

Attention:
Fax:

- 13.2 Waiver of notice. In any case where notice by mail or otherwise is provided herein, such notice may be waived by the other party entitled to receive such notice, either before or after the event.
- 13.3 Applicable Laws. This CPTA Agreement and the rights of the parties hereunder shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada, applicable therein, and all rights and remedies shall be governed by such laws without regard to principles of conflict of laws.
- 13.4 Severability. If any term or provision of this CPTA Agreement, or the application of such term or provision to any person or circumstances, shall be held invalid or unenforceable, the remainder of this CPTA Agreement and the application of such term or provision to person or circumstances other than those to which it is held invalid shall not be affected thereby.
- 13.5 Successors and Assigns. This CPTA Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their permitted successors and assigns.
- 13.6 Schedules. All schedules to this Agreement from time to time shall form part of the Agreement and the terms thereof shall constitute binding obligations of the party to which they apply. The present schedules to this CPTA Agreement are:
- Schedule "A" - Fee Schedule
 - Schedule "B" - Schedule of Edits
 - Schedule "C" - Data forms to be provided to the Industry
 - Schedule "D" - NHA MBS Program Guide
 - Schedule "E" – CPTA Representations and Warranties
- Schedules "B", "C", "D" may be amended from time to time by CMHC without the need for a formal amendment to this CPTA Agreement, provided that reasonable notice shall be given by CMHC to the CPTA.
- 13.7 Number and Gender. Where appropriate, the singular number used herein shall be interpreted as the plural, and the masculine gender shall be interpreted as either the feminine or neuter gender.

- 13.8 Headings. The headings in this CPTA Agreement are inserted for convenience only and are in no way intended to define, limit or otherwise describe the scope or intent of any of the provisions of this Agreement.
- 13.9 Reference to Agreement. In this Agreement, the words, “hereof”, “hereunder”, “herein” and words of similar effect refer to this Agreement.
- 13.10 Corporation Identification. The CPTA agrees that it will make no use whatsoever of the Corporation's name, logo or initials without the express written consent of CMHC.
- 13.11 Official Languages. The CPTA agrees that it will provide all information, materials and services in relation to this CPTA Agreement in English or French, whichever is the preference of the Person or organization requesting the information, materials or services, where a request for such information, materials or services in English or French is made to the CPTA.
- 13.12 Amendments. This CPTA Agreement may be amended from time to time with the mutual consent of the Corporation and the CPTA and such amendment shall be in writing and signed by both parties hereto before the same shall be effective. This CPTA Agreement supersedes any prior agreements between the parties hereto with respect to the provision of the management and distribution services described herein. The parties agree that they shall make any amendments to this CPTA Agreement required from time to time in order to comply with Applicable Laws including any Securities Legislation.
- 13.13 Significant Changes. The Parties agree to negotiate changes to the CPTA Services and Fees that result from changes to the NHA MBS Program Guide which would have significant costs implications for the CPTA.
- 13.14 Further Assurances. Each of the parties hereto shall from time to time hereafter upon any reasonable request of the other do such further acts and execute such further deeds and documents as shall be reasonably required in order to perform and carry out the terms of this CPTA Agreement.
- 13.15 Time of Essence. Time shall be of the essence of this CPTA Agreement.
- 13.16 House of Commons. No member of the House of Commons shall be admitted to any share or part of this Agreement or to any benefit arising therefrom.
- 13.17 Taxes. The amount payable to the CPTA pursuant to this Agreement are exclusive of all taxes, rates or other form of levy imposed by a government authority and, not to limit the generality of the foregoing, includes any goods and services tax and retail sales tax payable by the CPTA arising from the carrying out of the work. As is the case with any disbursement for which the CPTA seeks a refund, satisfactory evidence of the payment of any such tax, rate or levy shall be provided.
- 13.18 Confidentiality. This Agreement shall be considered confidential and the content hereof may not be disclosed by either party at any time without the prior written consent of one party to the other.
- 13.19 Guarantee. The CPTA agrees that it has no authority to give any guarantee or warranty whatsoever expressed or implied on behalf of CMHC and that it is in no way the legal representative or agent of

CMHC and that it has no right or authority to create any obligation on behalf of CMHC or to bind CMHC in any way.

- 13.20 Access to Records for Audit. The CPTA hereby grants to the Corporation, at all reasonable time during business hours, upon twenty-four (24) hours written notice to the CPTA, the right to audit, examine and make copies or extracts from the books of account maintained by the CPTA with respect to the services provided by the CPTA pursuant to the CPTA Agreement. The Corporation may exercise such right through any agent, employee or independent account, lawyer or other professional designated by the Corporation.
- 13.21 Right of CPTA to Invest in NHA MBS Certificates. The CPTA, and its officers, directors and employees may become the holder of, or acquire any interest in, any NHA MBS certificates, with the same rights that it or they would have if it were not the CPTA hereunder, or they were not such officers, directors or employees.
- 13.22 Force Majeure. Notwithstanding any provision to the contrary contained in this Agreement, the CPTA shall be excused from the consequences of any breach of this Agreement or any Event of Default hereunder if and to the extent that such breach or Event of Default was caused in whole or in part by Force Majeure, provided that (i) the CPTA has not in any material way caused or contributed to such failure, (ii) such failure could not have been prevented by reasonable and ordinary precautions, such as would be employed by a reasonably prudent provider of services similar to the Services , (iii) such failure could not have been circumvented by the use of the backup records and facilities contemplated under this Section 13.22. The existence or occurrence of Force Majeure event shall excuse a breach of this Agreement or Event of Default hereunder only for such period of time that the Force Majeure event remains in existence and only to the extent that such Force Majeure event has caused in whole or in part such breach of this Agreement or such Event of Default. The existence of a Force Majeure event which has caused in whole or in part a breach of this Agreement or an Event of Default hereunder shall not prevent CMHC from asserting and acting upon a breach of this Agreement or Event of Default hereunder which has not been caused in whole or in part by a Force Majeure event.

Notwithstanding the foregoing, the CPTA shall maintain and ensure that reasonable and adequate backup records and facilities are available in the event that, by reason for Force Majeure, the CPTA is unable to perform its obligations under this Agreement in the usual course. In such event, the CPTA shall use its reasonable commercial efforts to continue to perform its obligation under this Agreement using such backup records and facilities.

- 13.23 Labour Relations. The CPTA, as employer, has the sole responsibility to recruit, train, supervise, direct, discipline, and if necessary, discharge, all personnel performing services in connection with the CPTA Services. The CPTA will be responsible for the conduct of labour relations with any trade union represented among its employees and shall negotiate and be responsible for resolving all disputes involving its employees. The CPTA shall immediately give notice to CMHC of the certification of a union for its CPTA services staff should this occur during the term of this CPTA Agreement.

The CPTA shall immediately give notice to CMHC of any actual or potential labour dispute of which it has knowledge, which could or does threaten to delay or adversely affect the CPTA services or other performance by the CPTA of its obligation hereunder. CMHC may without incurring any liability

whatsoever to the CPTA, its agent or employees, make arrangements to continue the CPTA Services by alternate means during any period of interruption.

13.24 The Request for Tender (RFT) and Tender shall form part of this CPTA Agreement and the CPTA shall provide the services set out therein. If there is a clear conflict between the three documents, this CPTA Agreement shall govern. If there is a clear conflict between the RFT and Tender, the RFT shall govern.

IN WITNESS WHEREOF the parties have duly executed this CPTA Agreement as of the day and year first written above.

CANADA MORTGAGE AND HOUSING CORPORAITON

Per: _____
Signature

Name:
Title:
Date:

Per: _____
Signature

Name:
Title:
Date:

Per: _____
Signature

Name:
Title:
Date:

Per: _____
Signature

Name:
Title:
Date:

7 SECTION 7 APPENDICES

APPENDIX A

MANDATORY

7.1 Certificate of Submission

_____, hereby:
Company Name Procurement Business Number (PBN)

- I. offers to provide services and/or products to CMHC, as described in this proposal, on and if, as and when required basis, all in accordance with the Request for Proposal;
- II. offers the terms as set out in this proposal, including any pricing proposal for a period of 60 days as specified in section 2 of the RFP;
- III. certifies that, at the time of submitting this bid, is in full compliance with all tax statutes administered by all provincial, territorial and federal Ministries of Finance and that, in particular, all returns required to be filed under all provincial and federal tax statutes have been filed, and all taxes due and payable under those statutes have been paid or satisfactory arrangements for their payment have been made and maintained;
- IV. represents and warrants that in submitting the proposal or performing the Contract, there is no actual or perceived conflict of interest;
- V. represents and warrants that in preparing the proposal, there was no actual or perceived unfair advantage due to the receipt of information regarding the RFP that was not made available to other proponents;
- VI. certifies that this proposal was independently arrived at, without collusion;
- VII. certifies that no gratuities or gifts in kind were offered to any CMHC employee, Board member or Governor-in-Council appointee; and intended, by the gratuity, to obtain a contract or favourable treatment under a contract;
- VIII. authorizes CMHC to conduct such investigation as it deems appropriate to verify the contents of the proposal;
- IX. certifies, unless explicitly outlined in the proposal, that all pricing information is based on service provision which, at a minimum, fully meets all of the existing service standards as outlined in the Statement of Work;
- X. agrees to comply with all of the section 6.0 contract MANDATORY clauses in an unaltered form as stated;
- XI. (for sole proprietorships and partnerships) provide permission herewith to CMHC to undertake credit checks on the individuals listed below (names, signatures and home addresses of each must be provided).
- XII. agrees that, in the event of acceptance of this proposal, it will enter Contract negotiations in accordance with the RFP, and upon entry into a Contract with CMHC, it will commit to providing the full scope of services identified in the Contract.
- XIII. agrees that all responses and related materials become the property of CMHC, will not be returned and CMHC will not reimburse the proponent for any work related to, travel or materials supplied in the preparation of the RFP response.
- XIV. agrees that it and any other persons for which it is responsible, who are to perform the work as stated in this RFP, at the request of CMHC will comply with security screening as deemed appropriate;

Signed this ____ day of _____, 2013 at _____, Canada.

Corporations are not required to provide a corporate seal. The signature of one witness is required for the signature of each Owner/Signing Authority.

Corporation/Individual:

Signature of Signing Authority

Name and Title of Signing Authority

Declaration: I have the authority to bind the company.

APPENDIX B

7.2 PRE-QUALIFICATION QUESTIONNAIRE (MANDATORY)

In order to be further considered under this RFP process, proponents must meet all requirements of the prequalification questionnaire. This is a pass/fail phase, in which only those proponents who pass will remain in this competitive process for further consideration.

1. Please acknowledge that your company:
 - i. is financially sound in its operations;
 - ii. has an unencumbered net worth of at least C\$100 million. Also you must demonstrate availability of the financial means to fully finance any resulting contract. Provide a brief overview of your abilities in this regard;
 - iii. can support and maintain a minimum line of credit facility in the amount of C\$350 million with a Schedule 1 Bank under the *Bank Act* (Canada) in order to facilitate the monthly payments, as well as support and maintain an additional back-up line of credit facility in the minimum amount of C\$350 million with a different Schedule 1 Bank under the *Bank Act* (Canada) from the provider of the primary line of credit facility; and
 - iv. has the database and information system capabilities to satisfy the CPTA responsibilities.
 - v. Can provide bilingual services Nationwide.

2. At a very minimum, your company will have been offering similar services for at least three (3) years. How many years has your company been in business providing CPTA services? How many years have you been providing this service in Canada?

i. Please complete the following table:

	Volume of security certificates issued/transferred	Volume of Payments made to investors	Size of largest client	# of clients	# Clients gained	# Clients lost
2012						
2011						
2010						
2009						
2008						
2007						

- ii. Please provide information related to any contract terminated by a lost client for default under the agreement or terminated for cause.

3. Provide the following information regarding major contracts of a similar nature that you have successfully managed or are still managing:
- specify the name and address of the client;
 - client contact and telephone number;
 - number of years serving this client, current status and term of the contract;
 - brief description of the various services supplied by your company under the contract;
 - describe the service arrangements which were established and the respective roles and responsibilities of your company and your client for each contract;
 - describe the financial arrangements, how you charged for your products and services; and
 - describe your use of innovation to meet client objectives, changes or new requirements.

APPENDIX "C"

7.3 INFORMATION SYSTEMS REQUIREMENTS

Information Systems:

Information systems must be developed, or in place, to support business processes related to the NHA MBS Program and the role of the CPTA.

The Central Payor & Transfer Agent must have a database system to store all essential data, using industry standard relational database technologies and maintain a data communications architecture to allow efficient electronic transmission of required data between all parties (the Central Payor & Transfer Agent, Issuers, Approved Private Mortgage Insurers and CMHC). They should provide for a security model that ensures adequate application, communications, and data level security is in place for all systems.

It is anticipated that the Information Systems requirements under the NHA MBS Program may change over time and CMHC as Guarantor will be requesting different reporting from time-to-time. The developed Information System will have to accommodate such changes.

CPTA SYSTEM REQUIREMENTS UNDER THE NHA MBS PROGRAM

In general, the information systems are to provide for the following:

- Receive, store, process and edit data related to the NHA MBS monthly accounting activities of the approved NHA MBS Issuers;
- Track the issuance of MBS certificates, investor records and payments made to investors;
- Store all essential data, using industry standard relational database technologies;
- Develop and maintain data communications infrastructure to allow efficient electronic transmission of required data between parties, and access to required data by CMHC; and
- Implement a security model that ensures adequate application, communications, and data level security is in place for all systems.

Detail:

- a) Provide accurate and complete accounting records relating to any NHA MBS issued and outstanding. Store all transaction history in electronic format, using industry standard relational database technologies;
- b) The CPTA must be able to settle all MBS cash flows, including the collection of payments from Issuers and payments to investors, and provide accurate and complete electronic accounting records relating to any NHA MBS;
- c) The CPTA must be able to monitor and manage the monthly cash-flows from Issuer as per guidelines provided by in the NHA MBS Program Guide;

APPENDIX D

7.4 EVALUATION TABLE

EVALUATION CRITERIA	A	B	C
	WEIGHT 100 Total	POINTS 1 to 10	SCORE A x B
Experience & Qualification Proponent will be evaluated based on the responses to sections 4.6 and 4.7.	40		
Financial Capacity Proponent will be evaluated based on the responses to section (4.8) and an evaluation of the submitted financial information.	40		
Pricing Proponent will be evaluated based on the responses to section (4.9).	20		
TOTAL:	100		

APPENDIX E

7.5 Mandatory Compliance Checklist

- | | | |
|--------------------------|--------------------------------|-------------|
| <input type="checkbox"/> | Submission Deadline | Section 2.3 |
| <input type="checkbox"/> | Offering Period | Section 2.7 |
| <input type="checkbox"/> | Proponent's Qualifications | Section 4.6 |
| <input type="checkbox"/> | Response to Statement of Work | Section 4.7 |
| <input type="checkbox"/> | Financial Information | Section 4.8 |
| <input type="checkbox"/> | Pricing Proposal | Section 4.9 |
| <input type="checkbox"/> | Proposed Contract | Section 6 |
| <input type="checkbox"/> | Certificate of Submission | Appendix A |
| <input type="checkbox"/> | Prequalification Questionnaire | Appendix B |