

REQUEST FOR PROPOSAL (RFP)

For

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

And

**CENTRAL PAYING AGENT and CUSTODIAL SERVICES FOR THE
CANADA MORTGAGE BOND PROGRAM**

Request for Proposal (RFP) No.:	RFX 000267
Issued:	July 16, 2021
Submission Deadline:	August 17, 2021 at 2:00PM Ottawa local time
Address Inquiries to RFP Contact:	Djamel Djouaher
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PART 1 – SUBMISSION INSTRUCTIONS

1.1 OBJECTIVE OF THIS RFP

Canada Mortgage and Housing Corporation (“CMHC”) is the Government of Canada’s National Housing Agency, with a mandate to help Canadians gain access to a variety of affordable housing options. It is a Crown Corporation, with a Board of Directors, reporting to Parliament through the Minister of Families, Children and Social Development.

CMHC has 2,000 employees 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.

CMHC wishes to enter into three separate contracts with a single vendor (hereafter referred to as the “proponent”) for the purpose of providing the services described below (collectively referred to as the “Agreements”):

1. Central Payor & Transfer Agent (“CPTA”) to administer the activities outlined in the NHA Mortgage-Backed Securities Guide 2018, which is available on the CMHC website at [●] (the “NHA MBS Guide”). The CPTA will receive and edit monthly accounting reports, collect principal and interest payments from approved Issuers, facilitate payments to investors, provide monthly data reports, issue and transfer NHA MBS certificates when needed, provide tax receipts and maintain a database of all applicable accounting and investor records.
2. Central Paying Agent (“CPA”) to act as paying agent in respect of the Canada Mortgage Bonds Program (the “CMB Program”) for and on behalf of the Canada Housing Trust™ No. 1 (“CHT”). CHT is a trust domiciled in Ontario that purchases eligible housing loans or securities issued on the basis of eligible housing loans and issues bonds. The CPA will be responsible for managing payments for the CMB Program including payments to bondholders, payments and receipts from hedge or investment counterparties, tax payments and all other payments and receipts.
3. Custodian (the “Custodian”) to act as a custodian of all required documents, securities and collateral documentation in relation to the CMB Program. The Custodian will maintain segregated custody of the operative documents in respect of the CMB Program, including documents related to bond issuances and eligible housing loans and global bonds that are certificated, subject to delayed certificate issuance or other recording, and will provide reporting as required to CHT.

With this RFP CMHC is seeking prospective proponents to submit proposals for (i) CPTA for the NHA MBS Program and (ii) CPA and Custodian for the CMB program, as further described in Section A and B of the RFP Specifications (Appendix C). With respect to the role of the CPA and Custodian, CMHC, as Financial Services Advisor to the Trust, is administering this RFP on behalf of the Trust and CIBC Mellon Trust Company, as Trustee.

It is CMHC’s intention to enter into the Agreements with a single selected proponent on a non-exclusive basis such that CMHC acknowledges the successful proponent may act as a paying and transfer agent or custodian to third parties provided that the proponent is performing its obligations under the Agreements as set out therein. The term of each of the three agreements resulting from this RFP is to be for a period of five (5) years with an option to extend the agreement on the same terms and conditions for an additional term of up to three (3) years.

1.2 RFP CONTACT

For the purposes of this procurement process, the “RFP Contact” will be:

Djamel Djouaher

ddjouahe@cmhc-schl.gc.ca and ProcurementSourcingTeam@CMHC-SCHL.gc.ca

Proponents and their representatives are not permitted to contact any employees, officers, agents, appointed officials or other representatives of CMHC, other than the RFP Contact, concerning matters regarding this RFP. Failure to adhere to this rule may result in the disqualification of the proponent and the rejection of the proponent’s proposal.

1.3 TYPE OF CONTRACT FOR DELIVERABLES

The selected proponent will be requested to enter into direct contract negotiations to finalize an agreement with CMHC for the provision of the scope of work and deliverables (collectively the “Deliverables”). The terms and conditions found in the Form of Agreement (Appendix D) are to form the basis for the agreement between CMHC and the selected proponent.

1.4 RFP PROCESS TIMETABLE

Issue Date of RFP	July 16, 2021
Deadline for Questions	July 23, 2021
Deadline for Issuing Addendum	July 30, 2021
Submission Deadline of proposals	August 17, 2021 at 2:00pm Ottawa local time
Evaluation Deadline	September 15, 2021
Anticipated Contract Negotiation Period	30 calendar days
Anticipated Execution of Agreement	January 1, 2022

The RFP timetable is tentative only, and may be changed by CMHC at any time. Changes will be communicated in accordance with Section 3.2.2.

1.5 SUBMISSION OF PROPOSALS

1.5.1 PROCUREMENT BUSINESS NUMBER

CMHC utilizes the Supplier Registration Information (“SRI”) database maintained by Public Services and Procurement Canada (“PSPC”) as the official CMHC source list. All proponents should be registered with PSPC prior to submitting a proposal. The Procurement Business Number (“PBN”) provided by this registration must be included with the proponent’s proposal. If proponents are not registered and wish to do so, please access <https://buyandsell.gc.ca/for-businesses/selling-to-the-government-of-canada/register-as-a-supplier>

1.5.2 PROPOSALS TO BE SUBMITTED AT THE PRESCRIBED LOCATION IN PRESCRIBED MANNER

Proposal submissions must be emailed to CMHC’s electronic bid submission system (“EBID”) to the address indicated below:

Email Address: EBID@cmhc-schl.gc.ca (“Submission Location”)

The subject line of the transmission must state: **CMHC RFx000267 and company name.**

Proposals sent to any other e-mail address will not be considered.

Please be advised that EBID has a size limitation of 10 MB. Proponents may submit their proposal in multiple smaller files indicating the number of emails submitted (for example: email 1/3, 2/3, 3/3) in the body of the email. Individual files are to be submitted in Microsoft Word or pdf format.

Note: Rich Text formatted or compressed (zipped) documents cannot be opened by CMHC.

Upon receipt of proposals, an automated confirmation will be issued by EBID to the sender's e-mail address. It is strongly recommended that proponents follow up with the RFP Contact should they not receive said confirmation within thirty (30) minutes of their submission.

1.5.3 PROPOSALS TO BE SUBMITTED ON TIME

Proposals must be submitted pursuant to Section 1.5.2 above and on or before the submission deadline: **August 17, 2021 at 2:00pm Ottawa local time** (“Submission Deadline”)

Proposals submitted after the Submission Deadline will be rejected. CMHC does not accept any responsibility for proposals delivered to any other location or by any other means by the proponent. Proponents are advised to make submissions well before the Submission Deadline. Proponents making submissions near this deadline do so at their own risk. Proponents will be deemed to be received when they enter into CMHC’s systems and CMHC accepts no responsibility for proposals sent prior to this deadline that fail to enter into CMHC’s systems by the Submission Deadline. For the purposes of this section, the time of delivery is deemed to be the time recorded by CMHC’s systems.

1.5.4 AMENDMENT OF PROPOSALS

Proponents may amend their proposals prior to the Submission Deadline by submitting the amendment by email prominently marked with the RFP title and number and the full legal name and return address of the proponent to the email address set out above. Any amendment should clearly indicate which part of the proposal the amendment is intended to amend or replace. CMHC will assess the proposal “as is” and CMHC will not correct or accept any responsibility for errors submitted by the proponent.

1.5.5 WITHDRAWAL OF PROPOSALS

At any time throughout the RFP process, a proponent may withdraw a submitted proposal. To withdraw a proposal, a notice of withdrawal must be sent to the RFP Contact and must be signed by an authorized representative of the proponent. CMHC is under no obligation to return withdrawn proposals.

[End of Part 1]

PART 2 – EVALUATION, NEGOTIATION AND AWARD

2.1 STAGES OF EVALUATION AND NEGOTIATION

CMHC will conduct the evaluation of proposals and negotiations in the following stages:

2.1.1 STAGE I – MANDATORY SUBMISSION REQUIREMENTS

Stage I will consist of a review to determine which proposals comply with all of the mandatory submission requirements due at time of submitting the proposal, such as licences or certificates, and detailed in Section H of the RFP Specifications (Appendix C). Should a proponent not include a submission requirement with its proposal, the proponent will be notified by CMHC and will have forty eight (48) hours from the time of notification to meet this requirement. Only proponents who meet the mandatory submission requirements will move on to the next stage 2.1.2 A.

2.1.2 STAGE II – EVALUATION

Stage II will consist of the following two (2) sub-stages:

A. MANDATORY TECHNICAL REQUIREMENTS

CMHC will review the proposals to determine whether the mandatory technical requirements of the Deliverables, as detailed in Section I of the RFP Specifications (Appendix C), have been met. The mandatory technical requirements must be met (assessment on a pass/fail basis) before the rated criteria can be considered. Questions or queries on the part of CMHC as to whether a proposal has met the mandatory technical requirements will be subject to the verification and clarification process set out in Section 3.2.4 of Part 3. Only proponents who meet the mandatory technical requirements will move on to the next sub-stage 2.1.2 B.

B. RATED CRITERIA

CMHC will evaluate each qualified proposal on the basis of the rated criteria as set out in Section K of the RFP Specifications (Appendix C).

2.1.3 STAGE III – PRICING

Stage III will consist of a scoring of the submitted pricing of each qualified proposal in accordance with the price evaluation method set out in the Pricing Form (Appendix B).

2.2 RANKING AND CONTRACT NEGOTIATIONS

2.2.1 SCORING BY THE EVALUATION TEAM

The following scoring matrix has been developed to assist the Evaluation Team in the scoring process of the rated criteria and the presentation detailed in Appendix C, Section K.

Score	Evaluation Conclusion	Description
10	<u>Complete and clear</u> description provided that <u>exceeds</u> the requirements of the criteria. No weaknesses or deficiencies that would pose any risk to the proponent's ability to satisfy the requirement.	Outstanding
9	<u>Complete and clear</u> description provided of the proponent's ability to meet the criteria. No evident weaknesses or deficiencies that would pose any risk to the to the proponent's ability to satisfy the requirement.	Excellent

7-8	<u>Above average description</u> provided of the proponent's ability to consistently meet key criteria. Minimal weaknesses and/or deficiencies could exist, but would not pose any significant risk to the proponent's ability to satisfy the requirement.	Very Good
5-6	<u>Average description</u> provided of the proponent's ability to meet key criteria. Minimal weaknesses and/or deficiencies could exist, but would not pose any significant risk to the proponent's ability to satisfy the requirement.	Good
3-4	<u>Weak information</u> was provided with only a <u>partial description</u> of the proponent's ability to meet the criteria. There are discrepancies and/or deficiencies that pose some risks to the proponent's ability to satisfy the requirement.	Fair
1-2	<u>Very limited</u> information was provided to assess the proponent's ability to meet the criteria. There are serious discrepancies and/or deficiencies that pose important risks to the proponent's ability to satisfy the requirement.	Unsatisfactory
0	<u>Little or no</u> information provided to assess the proponent's ability to meet the criteria.	No Response

Partial scores (for example 1.5, 2.5, 3.5 and so on) may be assigned. Individual proponent scores will be reviewed and tabulated to reach an average score multiplied by the percentage weighting for each rated criteria except for pricing, which will be evaluated as described in Appendix B – Pricing Form.

2.2.2 RANKING OF PROPONENTS

After the completion of Stage III, all scores from Stage II (B) and Stage III will be added together, and the proponents will be ranked based on their total scores. The top-ranked proponent will receive a written invitation to enter into direct contract negotiations to finalize the agreement(s) with CMHC. In the event of a tie, the successful proponent will be the proponent selected by way of negotiations, requiring proponents to answer additional questions, provide supplementary information or make additional presentations such that CMHC may revisit and re-evaluate the proponent's proposal or ranking on the basis of any such information in an effort to select a top-ranked proponent.

2.2.3 CONTRACT NEGOTIATION PROCESS

Any negotiations will be subject to the process rules contained in the Terms and Conditions of the RFP process (Part 3). The negotiation process will not constitute a legally binding offer to enter into a contract on the part of CMHC or the proponent and there will be no legally binding relationship created with any proponent prior to the execution by both CMHC and the proponent of a written agreement. The forms of agreements that are appended as Appendix D set out the terms and conditions of the services the selected proponent must provide. As a part of the negotiation process, CMHC may request supplementary information from the proponent to verify, clarify or supplement the information provided in its proposal or to confirm the conclusions reached in the evaluation and CMHC may include requests for improved pricing or performance terms from the proponent. However, it is expected that the forms of Agreement appended as Appendix D should not require any substantive changes to the terms and conditions that are set out therein. Any material substantive changes to the forms of Agreement proposed by the proponent must be included as part of its response.

2.2.4 TIME PERIOD FOR NEGOTIATIONS

CMHC intends to conclude negotiations and finalize the agreement with the top-ranked proponent during the Anticipated Contract Negotiation Period, in accordance with the timeframe outlined under Section 1.4 of this RFP. A proponent invited to enter into direct contract negotiations should

therefore be prepared to: (i) satisfy the pre-conditions of award listed in Section J of the RFP Specifications (Appendix C), (ii) provide requested information in a timely fashion, and (iii) conduct negotiations expeditiously.

2.2.5 FAILURE TO ENTER INTO AGREEMENT

If the pre-conditions of award listed in Section J of the RFP Specifications (Appendix C) are not satisfied or if the parties cannot conclude negotiations and finalize the agreement for the Deliverables within the Anticipated Contract Negotiation Period, pursuant to Section 1.4 of this RFP, then CMHC may discontinue negotiations with the top-ranked proponent and invite the next-best-ranked proponent to enter into negotiations. This process will continue until: (i) an agreement is finalized, (ii) there are no more proponents remaining that are eligible for negotiations or (iii) CMHC elects to cancel the RFP process.

2.2.6 NOTIFICATION OF NEGOTIATION STATUS

Other proponents that may become eligible for contract negotiations may be notified at the commencement of the negotiation process with the top-ranked proponent.

[End of Part 2]

PART 3 – TERMS AND CONDITIONS OF THE RFP PROCESS

3.1 GENERAL INFORMATION AND INSTRUCTIONS

3.1.1 PROPONENTS TO FOLLOW INSTRUCTIONS

Proponents should structure their proposals in accordance with the instructions in this RFP. Where information is requested in this RFP, any response made in a proposal should reference the applicable section numbers of this RFP.

3.1.2 PROPOSALS IN ENGLISH OR FRENCH

Proponents may submit their proposals in either of Canada's Official Languages, English or French.

3.1.3 NO INCORPORATION BY REFERENCE

The entire content of the proponent's proposal should be submitted in a fixed form, and the content of websites or other external documents referred to in the proponent's proposal but not attached will not be considered to form part of its proposal.

3.1.4 REFERENCES AND PAST PERFORMANCE

In the evaluation process, CMHC may include information provided by the proponent's references and may also consider the proponent's past performance or conduct on previous contracts with CMHC or other institutions.

3.1.5 INFORMATION IN RFP ONLY AN ESTIMATE

CMHC and its advisers make no representation, warranty or guarantee as to the accuracy of the information contained in this RFP or issued by way of addenda. Any quantities shown or data contained in this RFP or provided by way of addenda are estimates only, and are for the sole purpose of indicating to proponents the general scale and scope of the Deliverables. It is the proponent's responsibility to obtain all the information necessary to prepare a proposal in response to this RFP.

3.1.6 PROPONENTS TO BEAR THEIR OWN COSTS

The proponent will bear all costs associated with or incurred in the preparation and presentation of its proposal, including, if applicable, costs incurred for interviews or demonstrations.

3.1.7 PROPOSAL TO BE RETAINED BY CMHC

All proposals and related materials provided by the proponent shall, as of the Submission Deadline, become the sole property of CMHC and will not be returned to the proponent.

3.1.8 TRADE AGREEMENTS

Proponents should note that procurements falling within the scope of Chapter 5 of the Canadian Free Trade Agreement and/or Chapter 19 of the Canada-European Union (EU) Comprehensive Economic and Trade Agreement (CETA) are subject to that trade agreement but that the rights and obligations of the parties will be governed by the specific terms of this RFP.

3.1.9 NO GUARANTEE OF VOLUME OF WORK OR EXCLUSIVITY OF CONTRACT

CMHC makes no guarantee of the value or volume of Deliverables to be assigned to the successful proponent. The Agreement will be an exclusive contract for the provision of the described Deliverables. CMHC retains its sole discretion to contract with others for goods and services that are the same as or similar to the Deliverables for CMHC programs or initiatives other

than the NHA MBS Program or the CMB Program or may obtain such goods and services internally. The Agreements contain provisions regarding termination of the Deliverables.

3.2 COMMUNICATION AFTER ISSUANCE OF RFP

3.2.1 PROPONENTS TO REVIEW RFP

Proponents should promptly examine all of the documents comprising this RFP and may direct questions or seek additional information in writing by email to the RFP Contact on or before the Deadline for Questions, pursuant to Section 1.4 of this RFP. No such communications are to be directed to anyone other than the RFP Contact. CMHC is under no obligation to provide additional information, and CMHC is not responsible for any information provided by or obtained from any source other than the RFP Contact. It is the responsibility of the proponent to seek clarification from the RFP Contact on any matter it considers to be unclear. CMHC is not responsible for any misunderstanding on the part of the proponent concerning this RFP or its process.

3.2.2 ALL NEW INFORMATION TO PROPONENTS BY WAY OF ADDENDA

This RFP may be amended only by addendum in accordance with this section. If CMHC, for any reason, determines that it is necessary to provide additional information relating to this RFP, such information will be communicated to all proponents by addendum. Each addendum forms an integral part of this RFP and may contain important information, including significant changes to this RFP. Proponents are responsible for obtaining all addenda issued by CMHC. In the Submission Form (Appendix B), proponents should confirm their receipt of all addenda by setting out the number of each addendum in the space provided.

3.2.3 POST-DEADLINE ADDENDA AND EXTENSION OF SUBMISSION DEADLINE

If CMHC determines that it is necessary to issue an addendum after the Deadline for Issuing Addenda, CMHC may extend the Submission Deadline for a reasonable period of time.

3.2.4 VERIFY, CLARIFY AND SUPPLEMENT

When evaluating proposals, CMHC may request further information from the proponent or third parties in order to verify, clarify or supplement the information provided in the proponent's proposal, including but not limited to clarification with respect to whether a proposal meets the mandatory technical requirements set out in Section I of the RFP Specifications (Appendix C). CMHC may revisit and re-evaluate the proponent's proposal or ranking on the basis of any such information.

3.3 NOTIFICATION AND DEBRIEFING

3.3.1 NOTIFICATION TO OTHER PROPONENTS

Once an agreement is executed by CMHC and a proponent, the other proponents will be notified of the outcome of the procurement process.

3.3.2 DEBRIEFING

Proponents may request a debriefing after receipt of a notification of the outcome of the procurement process. All requests must be in writing to the RFP Contact and must be made within sixty (60) days of such notification. The intent of the debriefing information session is to aid the proponent in presenting a better proposal in subsequent procurement opportunities. Any debriefing provided is not for the purpose of providing an opportunity to challenge the procurement process or its outcome. The debriefing will be provided in writing.

3.3.3 PROCUREMENT PROTEST PROCEDURE

If a proponent wishes to challenge the RFP process, it should provide written notice to the RFP Contact in accordance with and as required by the applicable trade agreement. The notice must provide a detailed explanation of the proponent's concerns with the procurement process or its outcome.

3.4 CONFLICT OF INTEREST AND PROHIBITED CONDUCT

3.4.1 CONFLICT OF INTEREST

CMHC may disqualify a proponent for any conduct, situation or circumstances, determined by CMHC, in its sole and absolute discretion, to constitute a "Conflict of Interest", as defined in the Submission Form (Appendix A).

3.4.2 DISQUALIFICATION FOR PROHIBITED CONDUCT

CMHC may disqualify a proponent, rescind an invitation to negotiate or terminate a contract subsequently entered into if CMHC determines that the proponent has engaged in any conduct prohibited by this RFP.

3.4.3 PROHIBITED PROPONENT COMMUNICATIONS

Proponents must not engage in any communications that could constitute a Conflict of Interest and should take note of the Conflict of Interest declaration set out in the Submission Form (Appendix A).

3.4.4 PROPONENT NOT TO COMMUNICATE WITH MEDIA

Proponents must not at any time directly or indirectly communicate with the media in relation to this RFP or any agreement entered into pursuant to this RFP without first obtaining the written permission of the RFP Contact.

3.4.5 NO LOBBYING

Proponents must not, in relation to this RFP or the evaluation and selection process, engage directly or indirectly in any form of political or other lobbying whatsoever to influence the selection of the successful proponent.

3.4.6 ILLEGAL OR UNETHICAL CONDUCT

Proponents must not engage in any illegal business practices, including activities such as bid-rigging, price-fixing, bribery, fraud, coercion or collusion. Proponents must not engage in any unethical conduct, including lobbying (as described above) or other inappropriate communications; offering gifts to any employees, officers, agents, appointed officials or other representatives of CMHC; deceitfulness; submitting proposals containing misrepresentations or other misleading or inaccurate information; or any other conduct that compromises or may be seen to compromise the competitive process.

3.4.7 PAST PERFORMANCE OR PAST CONDUCT

CMHC may prohibit a supplier from participating in a procurement process based on past performance or based on inappropriate conduct in a prior procurement process with CMHC or any other organization, including but not limited to the following:

- (a) illegal or unethical conduct as described above;
- (b) the refusal of the supplier to honour its submitted pricing or other commitments; or

- (c) any conduct, situation or circumstance determined by CMHC, in its sole and absolute discretion, to have constituted an undisclosed Conflict of Interest.

3.5 CONFIDENTIAL INFORMATION

3.5.1 CONFIDENTIAL INFORMATION OF CMHC

All information provided by or obtained from CMHC in any form in connection with this RFP either before or after the issuance of this RFP:

- (a) is the sole property of CMHC and must be treated as confidential;
- (b) is not to be used for any purpose other than replying to this RFP and the performance of any subsequent contract for the Deliverables;
- (c) must not be disclosed to third parties without prior written authorization from the RFP Contact; and
- (d) must be returned by the proponent to CMHC immediately upon the request of CMHC.

3.5.2 CONFIDENTIAL INFORMATION OF PROPONENT

A proponent should identify any information in its proposal or any accompanying documentation supplied in confidence for which confidentiality is to be maintained by CMHC. The confidentiality of such information will be maintained by CMHC, except as otherwise required by law or by order of a court or tribunal. 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. Proponents are also advised that their proposals may, as necessary, be disclosed on a confidential basis, to CMHC's advisers retained to advise or assist with the RFP process, including the evaluation of proposals. If a proponent has any questions about the collection and use of personal information pursuant to this RFP, questions are to be submitted to the RFP Contact.

3.6 PROCUREMENT PROCESS NON-BINDING

3.6.1 NO CONTRACT A AND NO CLAIMS

This procurement process is not intended to create and will not create a formal, legally binding bidding process and will instead be governed by the law applicable to direct commercial negotiations. For greater certainty and without limitation:

- (a) this RFP will not give rise to any Contract A-based concept or any other similar legal concepts or principles that may be applicable to the procurement process; and
- (b) neither the proponent nor CMHC will have the right to make any claims (in contract, tort, or otherwise) against the other with respect to the selection of proponents, a decision to reject a proposal or disqualify a proponent, or a decision of the proponent to withdraw its proposal.

Notwithstanding the foregoing or anything to the contrary herein, CMHC's total liability to proponents for any cause of action arising out of or in relation to this RFP process, giving rise to liability, whether in contract or in tort, shall be limited to the reasonable costs

incurred by proponents in preparing its proposal for matters relating to this RFP process up to a maximum of Cdn. \$[5,000] in the aggregate. In no event, whether in contract or in tort shall CMHC be liable for any indirect, consequential, exemplary, punitive, incidental, or special damages or lost profits, even if CMHC has been advised of the possibility of such damages in advance.

3.6.2 NO CONTRACT UNTIL EXECUTION OF WRITTEN AGREEMENT

This RFP process is intended to identify prospective suppliers for the purposes of negotiating potential agreements. No legal relationship or obligation regarding the procurement of any goods or services will be created between the proponent and CMHC through this RFP process until the successful negotiation and execution of a written agreement for the acquisition of such goods and/or services.

3.6.3 NON-BINDING PRICE ESTIMATES AND MATERIAL SUBSTANTIVE CHANGES TO TERMS

While the pricing information provided in proposals will be non-binding prior to the execution of a written agreement, such information and any proposed material substantive changes to the forms of Agreement, will be assessed during the evaluation of the proposals and the ranking of the proponents. Any inaccurate, misleading or incomplete information, including withdrawn or altered pricing or material substantive terms not disclosed in the proposal could adversely affect the evaluation or ranking or the decision of CMHC to enter into an agreement with the proponent for the Deliverables.

3.6.4 CANCELLATION

CMHC may cancel or amend the RFP process without liability at any time.

3.7 GOVERNING LAW AND INTERPRETATION

These Terms and Conditions of the RFP Process:

- (a) are intended to be interpreted broadly and independently (with no particular provision intended to limit the scope of any other provision);
- (b) are non-exhaustive and will not be construed as intending to limit the pre-existing rights of the parties to engage in pre-contractual discussions in accordance with the common law governing direct commercial negotiations; and
- (c) are to be governed by and construed in accordance with the laws of the province of Ontario and the federal laws of Canada applicable therein.

[End of Part 3]

APPENDIX A – SUBMISSION FORM

1. PROPONENT INFORMATION

Please fill out the following form, naming one person to be the proponent’s contact for the RFP process and for any clarifications or communication that might be necessary.	
Procurement Business Number (PBN):	
Full Legal Name of Proponent:	
Any Other Relevant Name under which Proponent Carries on Business:	
Street Address:	
City, Province/State:	
Postal Code:	
Phone Number:	
Company Website (if any):	
Proponent Contact Name and Title:	
Proponent Contact Phone:	
Proponent Contact Email:	

2. ACKNOWLEDGMENT OF NON-BINDING PROCUREMENT PROCESS

The proponent acknowledges that the RFP process will be governed by the terms and conditions of the RFP, and that, among other things, such terms and conditions confirm that this procurement process does not constitute a formal, legally binding bidding process (and for greater certainty, does not give rise to a Contract A bidding process contract), and that no legal relationship or obligation regarding the procurement of any goods or services will be created between CMHC and the proponent unless and until CMHC and the proponent execute a written agreement for the Deliverables.

3. ABILITY TO PROVIDE DELIVERABLES

The proponent has carefully examined the RFP documents and has a clear and comprehensive knowledge of the Deliverables required. The proponent represents and warrants its ability to provide the Deliverables in accordance with the requirements of this RFP.

4. NON-BINDING PRICING

The proponent has submitted its pricing in accordance with the instructions in the RFP and in the Pricing Form (Appendix B). The proponent confirms that the pricing information provided is accurate. The proponent acknowledges that any inaccurate, misleading or incomplete information, including withdrawn or altered pricing, could adversely impact the acceptance of its proposal or its eligibility for future work with CMHC.

5. ADDENDA

The proponent is deemed to have read and taken into account all addenda issued by CMHC prior to the Deadline for Issuing Addenda. The proponent is requested to confirm that it has received all addenda by listing the addenda numbers, or if no addenda were issued by writing the word "None", on the following line:_____ . Proponents who fail to complete this section will be deemed to have received all posted addenda.

6. NO PROHIBITED CONDUCT

The proponent declares that it has not engaged in any conduct prohibited by this RFP.

7. CONFLICT OF INTEREST

For the purposes of this RFP, the term "Conflict of Interest" includes, but is not limited to, any situation or circumstance where:

- (a) in relation to the RFP process, the proponent has an unfair advantage or engages in conduct, directly or indirectly, that may give it an unfair advantage, including but not limited to (i) having, or having access to, confidential information of CMHC in the preparation of its proposal that is not available to other proponents, (ii) communicating with any person with a view to influencing preferred treatment in the RFP process (including but not limited to the lobbying of decision makers involved in the RFP process), or (iii) engaging in conduct that compromises, or could be seen to compromise, the integrity of the open and competitive RFP process or render that process non-competitive or unfair; or
- (b) in relation to the performance of its contractual obligations under a contract for the Deliverables, the proponent's other commitments, relationships or financial interests (i) could, or could be seen to, exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement, or (ii) could, or could be seen to, compromise, impair or be incompatible with the effective performance of its contractual obligations.

For the purposes of section 7 (a)(i) above, proponents should disclose the names and all pertinent details of all individuals (employees, advisers, or individuals acting in any other capacity) who (1) participated in the preparation of the proposal; **AND** (2) were employees of CMHC within twelve (12) months prior to the Submission Deadline. 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 (2012) in order to derive a direct benefit from any contract which may arise from this RFP.

If the box below is left blank, the proponent will be deemed to declare that (1) there was no Conflict of Interest in preparing its proposal; and (2) there is no foreseeable Conflict of Interest in performing the contractual obligations contemplated in the RFP.

Otherwise, if the statement below applies, check the box.

- The proponent declares that there is an actual or potential Conflict of Interest relating to the preparation of its proposal, and/or the proponent foresees an actual or potential Conflict of Interest in performing the contractual obligations contemplated in the RFP.

If the proponent declares an actual or potential Conflict of Interest by marking the box above, the proponent must set out below details of the actual or potential Conflict of Interest:

8. DISCLOSURE OF INFORMATION

The proponent warrants that neither the proponent nor one or more of the proponent's directors, officers or employees have been convicted or sanctioned for an offence involving bribery, corruption or workplace safety at any time. If such convictions exist, the details of such convictions or sanctions are to be disclosed in the proponent's proposal.

It is understood that CMHC will have the sole discretion to determine whether such convictions are grounds for removing the proponent from further consideration in the RFP process or requiring that the proponent exclude certain employees from involvement in the provision of goods and/or services contemplated herein.

The proponent hereby agrees that any information provided in this proposal, even if it is identified as being supplied in confidence, may be disclosed where required by law or by order of a court or tribunal. The proponent hereby consents to the disclosure, on a confidential basis, of this proposal by CMHC to the advisers retained by CMHC to advise or assist with the RFP process, including with respect to the evaluation this proposal.

9. SECURITY CLEARANCE

The proponent 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 outlined in Section E. Security of the RFP Specifications (Appendix C).

Signature of Witness

Signature of Proponent Representative

Name of Witness

Name of Proponent Representative

Title of Proponent Representative

Date

I have the authority to bind the proponent.

APPENDIX B – PRICING FORM

1. INSTRUCTIONS ON HOW TO COMPLETE THE PRICING FORMS

- (a) Rates must be provided in Canadian funds, inclusive of all applicable duties and taxes except for GST, HST or PST, as applicable, which should be itemized separately.
- (b) Rates quoted by the proponent must be all-inclusive and must include all labour and material costs, on-going maintenance costs, all travel and carriage costs, all insurance costs, all costs of delivery (including any on-boarding/training costs, if not listed separately in the pricing form), all costs of installation and set-up, including any pre-delivery inspection charges, and all other overhead, including any fees or other charges required by law.
- (c) Travel expenses are considered separate expenses and will be reimbursed in accordance with CMHC's Travel Policy outlined in the Form of Agreement included in Appendix A of this RFP.

2. EVALUATION OF PRICING

Pricing is weighted at 10% of the total score.

Pricing will be scored based on a relative pricing formula using the rates set out in the Pricing Form. Each Proponent will receive a percentage of the total possible points allocated to price, which will be calculated in accordance with the following formula:

$\text{Lowest Total Price} \div \text{Proponent's Total Price} \times 10 \text{ (Weighting \%)} = \text{Proponent's Pricing Points.}$

3. PRICING FORM

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

Please note: column **Estimated Total Number of Units per Year** are only based on historical data. CMHC does not provide any guarantee on the actually number of units will occur.

Pricing Form for CPTA

	TRANSFER SERVICES	FEE PER UNIT	ESTIMATED TOTAL NUMBER OF UNITS PER YEAR	TOTAL
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)	<p align="center">\${ }</p> <p align="center">Per pool</p>	4500	
2.	Issue Initial Certificates – Initial preparation and distribution of certificates at issuance.	<p align="center">\${ }</p> <p align="center">Per certificate Issued</p>	400	
3.	Issue Initial DCI Deposit Receipt – Initial preparation and distribution of deposit receipt	<p align="center">\${ }</p> <p align="center">Per deposit receipt issued</p>	2600	
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)	<p align="center">\${ }</p> <p align="center">Per certificate issued</p>	10	
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)	<p align="center">\${ }</p> <p align="center">Per deposit receipt issued</p>	8100	
6.	Replace Certificates – Issuance of new certificates to replace lost/damaged certificates (charged to presenter of request)	<p align="center">\${ }</p> <p align="center">Per certificate issued</p>	10	
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)	<p align="center">\${ }</p> <p align="center">Per certificate cancelled</p>	300	
8.	Redeem DCI Deposit Receipt — Cancellation of ledger position at maturity redemption and issued maintenance of records, trust accounts, etc. Necessary to accommodate maturity and unclaimed	<p align="center">\${ }</p> <p align="center">Per deposit</p>	4000	

	ledger position (CPTA to benefit from income on uncollected pool funds held in trust)	Receipt Issued		
9.	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	<p>{ }</p> <p>Per pool/per month</p>	204,000	
10.	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)	<p>{ }</p> <p>Per investor/per pool/per month</p>	215,000	
11.	Pay in US\$ - Provision of US currency accounts for only those holders requesting this service	<p>{ }</p> <p>Per investor/per pool/per month</p>	100	
12.	Deliver Tax Reports – Reports to investors are required under the Income Tax Act, including preparing replacements for lost reports	<p>{ }</p> <p>Per investor/per pool/per annum</p>	3100	
Total Price				

Pricing Form for CPA

TRANSFER SERVICES	FEES
The Initial Services Fee is charged to CHT for the initial assumption by the CPA of its responsibilities.	\${ } for the first 100 hours. Any services rendered in excess of 100 hours, is charged at a rate of \$ per hour per person.
The Retainer Fee is charged to CHT for the administration of the CPA agreement.	The retainer fee is calculated based on 0.1 basis points of the total CMB outstanding and is capped at \${ } per year.
Total	

Note, total will be based on 100 hours plus the capped annual cost

Pricing Form for Custodian

DESCRIPTION OF SERVICES	FEE
The Initial Services Fee is charged to CHT for the initial assumption by the Custodian of its responsibilities.	\${ } for the first 100 hours. Any services rendered in excess of 100 hours, is charged at a rate of \$ per hour per person.
If applicable: The Retainer Fee is charged to CHT for the administration of the Custodial Agreement.	\${ } per annum
Fee per package for custody and safekeeping of all documents as required by the Trust establishment of electronic communications links and performance of system checks, receipt of each supplement or schedule of eligible MBS to be sold to the Trust, receipt of all documentation relating to bond issuances and guarantee approval, confirmation to administrator of such receipt, receipt of monthly reports from the CPA; performance of certifications and safekeeping of all Trust Permitted Investments (as defined in the CMB Program Definitions attached hereto as Appendix G) sold to, purchased by or registered in the name of the Trust.	\${ } per Package (as defined in the CMB Program Definitions attached hereto as Appendix G)
Total	

Note, total will be based on 100 hours plus the annual retainer fee.

APPENDIX C – RFP SPECIFICATIONS

A. BACKGROUND

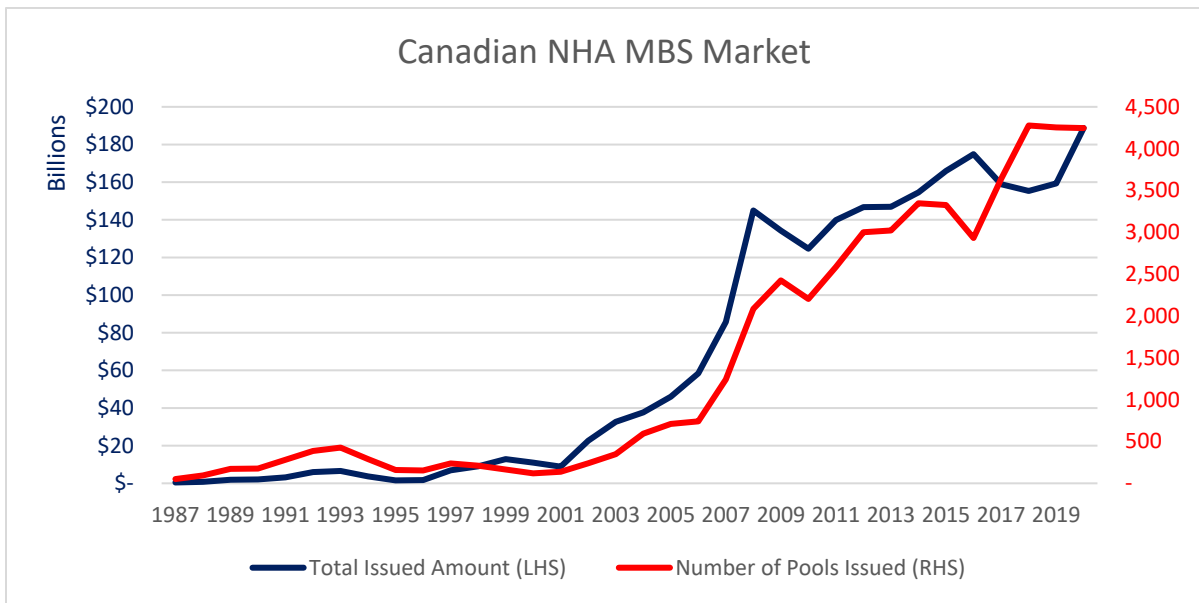
SERVICE 1 – CPTA FOR NHA MBS PROGRAM

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 Families, Children and Social Development, the Honourable Ahmed Hussen.

The full terms and conditions of the NHA MBS Program are set out in the NHA MBS Guide. CMHC guarantees the timely payment of amounts due on NHA Mortgage-Backed Securities ("NHA MBS") that are issued by an approved issuer ("Issuer") and backed by insured mortgage loans. Under the NHA MBS Program, an Issuer assembles the pool of the insured mortgages, issues the NHA MBS and once NHA MBS are issued, the Issuer no longer owns the insured mortgage loans in the pool, which are assigned to CMHC, as trustee on behalf of investors under the NHA MBS Program ("Investors"). CMHC as agent of Her Majesty in right of Canada guarantees the amounts due to the Investors under the terms of the NHA MBS such that it undertakes to make payment of principal and interest in respect of any such NHA MBS where the Issuer has defaulted in fulfilling such obligation of timely payment to Investors or their representative. Such guarantee is a surety and is referred to hereafter as the CMHC Guarantee or the NHA MBS Guarantee. The NHA MBS Program utilizes a one designated central payor and transfer agent for all Issuers makes greater NHA MBS Program efficiency possible in paying Investors, transferring NHA MBS and issuing new NHA MBS.

The Issuer is responsible for servicing insured mortgage loans and for depositing the amounts collected into a P & I Custodial/Trust Account for the payment to the Investors by the CPTA. The Issuer provides periodic reporting to the CPTA and CMHC and the CPTA also reports to CMHC as further set out in the Guide.

From its inception in 1987, the total number of pools issued has been increasing steadily. Please see the chart below for reference.



SERVICE 2 AND SERVICE 3– CPA AND CUSTODIAL SERVICES FOR CMB PROGRAM

Canada Housing Trust™ No. 1 is a trust domiciled in Ontario that purchases pools of insured mortgages and issues bonds which have been to date guaranteed by CMHC pursuant to the CMB Program. The CMB Program Guide, which is available online at [<https://www.cmhc-schl.gc.ca/en/professionals/project-funding-and-mortgage-financing/securitization/canada-mortgage-bonds/cmb-program-guide>], contains an overview of the requirements under the CMB Program and related key procedures that must be followed by CMB Program participants. Proponents are strongly encouraged to review the CMB Program Guide in connection with their submission. The CMB Program was designed to complement and improve upon CMHC’s successful NHA MBS Program. Both these programs offer attractive opportunities for investment. They are also a source of reliable funding for Canadian residential mortgages helping to ensure Canadians have access to reliable mortgage financing. [...]

B. THE DELIVERABLES

SERVICE 1 – ROLE AND RESPONSIBILITIES OF THE CPTA

The complete terms and conditions of the services that are to be provided by the selected proponent for the role of the CPTA are set out in the Central Payor and Transfer Agent Agreement (the "CPTA Agreement"), the form of which is attached to Appendix D. Proponents should also review the NHA MBS Guide, which describes the functions and responsibilities of the CPTA in respect of the NHA MBS Program. The following is a summary of the services that are to be provided by the CPTA during the term of the CPTA Agreement and any renewal thereof. Capitalized terms that are used in this section and not otherwise defined herein have the meanings attributed to them in the CPTA Agreement.

- Maintain a segregated account for the NHA MBS Program and any other required segregated accounts for the Trust for the holding of money.
- Provide a monthly list of all accounts under its administration to the CMHC.

- Maintain separate records relating to each pool of mortgages and MBS as well as payments related to the NHA MBS Program.
- Arrange for funds transfers from each Issuer for the payment of principal and interest and other payments owing to Investors, verify the validity of each Issuer's central P&I account, and receive the monthly transfer of funds and make scheduled payments to the Investors.
- Make all required payments to the systems maintained by CDS (or such other Clearing Agency in accordance with the MBS Guide) and when required, receive the proceeds of each NHA MBS pool when issued.
- Verify penalties owing to Investors as a result of liquidations.
- Prepare and provide reports required from the CPTA under the MBS Guide, including reports of any shortfall in any payment required to be made to any Person.
- Provide an accounting to CMHC and invoices to Issuers.
- Maintain 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 and cooperate in all audits in relation to the NHA MBS Program.
- Ensure the control and safekeeping of un-issued certificates, issue and deliver certificates or delayed certificated inventory ownership records for new pools and effect transfers of such certificates and ownership records, maintain registers in accordance with the NHA MBS Guide, review related instruments and other documents submitted with NHA MBS certificates;
- In relation to the secondary market, calculate, consolidate and disseminate NHA MBS pool information to CMHC and the investment community.

SERVICE 2 – ROLE AND RESPONSIBILITIES OF THE CPA

The complete terms and conditions of the services that are to be provided by the selected proponent for the role of the CPA are set out in the Central Paying Agent Agreement (the "CPA Agreement"), the form of which is attached to Appendix D. The following is a summary of the services that are to be provided by the CPA during the term of the CPA Agreement and any renewal thereof. Capitalized terms that are used in this section and not otherwise defined herein have the meanings attributed to them in the CPA Agreement. Certain defined terms in the CPA Agreement are definitions that are set out in the CMB Program Definitions dated as of April 30, 2010 between the Trust and CMHC (the "CMB Program Definitions") and attached hereto as Appendix G.

- Maintain a segregated account for and behalf of the Trust (the "CHT Account") and any other required segregated accounts for the Trust for the holding of money of the Trust, which account must be maintained at a different Schedule I bank than the bank at which any account required under the CPTA Agreement.
- Provide a monthly list of all accounts under its administration to the Trustee.
- Maintain separate records relating to each MBS Package purchased by the Trust and each related hedge agreement together with all allocated costs and expenses, allocated bonds and payments related to any of them.
- Make the payments in the amounts required under the Payment Matrix debit the CHT Account monthly or as otherwise required and transmit payments to the appropriate hedge trust accounts on the 15th day of each month (subject to any instructions received from the Bond Indenture Trustee).

- Make all required payments to the systems maintained by CDS (or such other Clearing Agency as directed by the Trust) including payments of obligations to the bondholders located within Canada and make all payments to any fiscal agent retained as required by the Trust; provide payment functions in relation to payments of obligations to the bondholders located outside of Canada.
- Receive the proceeds of the bond issuance and make payments to persons holding obligations (other than bonds) issued or entered into by the Trust.
- Make and receive payments, deposits or investments, as applicable to and from any Person holding, administering or investing Trust Property.
- Perform data testing to confirm the adequacy of each Seller's (under the CMB Program) electronic system.
- Make all other payments required under the CPA Agreement pursuant to the Payment Matrix and comply with all directions provided by or on behalf of the Trust with respect to the application of all amounts received or held by it on behalf of the Trust.
- Establish and maintain the electronic systems necessary to complete any payment directions and electronic communications with the Guarantor, Trustee, each other service provider in the CMB Program and each Person participating in the CMB Program.
- Prepare and provide reports required for the Trust such as monthly reports required within one business day of the payment date for the Eligible MBS owned by the Trust in each month reporting on all amounts received and paid by or on behalf of the Trust during the preceding month reports of any shortfall in any payment required to be made to any Person.
- Maintain 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 and cooperate in all audits of the Trust.

SERVICE 3 – ROLE AND RESPONSIBILITIES OF THE CUSTODIAN

The complete terms and conditions of the services that are to be provided by the selected proponent for the role of the Custodian are set out in the Custodial Agreement (the "Custodial Agreement"), the form of which is attached to Appendix D. The following is a summary of the services that are to be provided by the Custodian during the term of a Custodial Agreement and any renewal thereof. Capitalized terms that are used in this section and not otherwise defined herein have the meanings attributed to them in the Custodial Agreement. Certain defined terms in the Custodial Agreement are definitions that are set out in the CMB Program Definitions attached hereto as Appendix G.

- Maintain segregated, continuous custody and control of the operative documents to which the Custodian is a party and the other relevant documents that the Custodian is required to possess pursuant to a custodial agreement, in secure and fireproof facilities, in accordance with its customary standards for such storage, except to the extent that they are held by another Person acting as a custodian for the benefit of the Trust or the Guarantor, maintain records and files relating to the relevant documents in electronic form, until released in accordance with the agreements that govern the CMB Program,;
- Maintain computer systems that can accept electronic versions of loans and investment details regarding any investments, and be able to transmit such data in a form that is readable by the relevant service provider's computer systems.

- Perform certifications of a Package submitted by a Seller to the Trust (i.e., review, verification and confirmation) the Package is comprised of Eligible Housing Loans or prior to each Qualification Date or upon a Subsequent Sale Date.
- Prepare or arrange for such registrations as are required by the Trust to enforce the Trust's rights under the Trust Permitted Investments purchased by the Trust and comply with such directions made by the Trust, the Guarantor or a Seller to facilitate any rights, payments and obligations of the Trust under or in connection with such Trust Permitted Investments.
- Ensure that all Trust Permitted Investments are and cause all Trust Permitted Investments to be registered in the name of the Trust or transferred into and be held on behalf of the Trust in the systems maintained by a Clearing Agency.
- Within 48 hours after receipt of any principal and interest payment by a Counterparty from the CPA, receive any and all documents evidencing the Trust's ownership of the Trust Permitted Investments purchased by such Counterparty and if such evidence is not received, notify of the lack of receipt thereof.
- Prepare Specified Procedures Report and cooperate in all audits of the Trust.

C. WORK LOCATION

The CPTA, CPA and Custodian must perform the services in Canada.

The CPTA must 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.

D. TRAVEL

No travel is required in the course of the contract and no compensation will be awarded to the selected proponent for any travel cost incurred

E. SECURITY

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.

Employees of the proponent and, if applicable, subcontractors may be required to undergo a criminal records check and/or hold a valid personnel security screening at the level of **RELIABILITY** prior to commencement of any work under the Agreement and must provide the results of the check to CMHC's corporate security department. CMHC reserves the right to disallow any person to carry out work under the Agreement on the basis of the results of the criminal records check/security clearance. Each of the proponent's proposed staff or subcontractors, who do not hold a valid clearance, will be required to complete a "Security Clearance Form" (67934) upon request from CMHC.

F. CMHC DATA

The purpose of this section is to set out the proponent's obligations in respect of the technology, the property, CMHC intellectual property rights, CMHC developments and/or CMHC confidential information ("CMHC Data") residing on the proponent's network or for which the proponent has access, custody or control. The proponent shall ensure all CMHC Data will reside in Canada.

G. MATERIAL DISCLOSURES

N/A

H. MANDATORY SUBMISSION REQUIREMENTS

1. SUBMISSION FORM (APPENDIX A)

Each proposal must include a Submission Form (Appendix A) completed and signed by an authorized representative of the proponent.

2. PRICING FORMS (APPENDIX B)

Each proposal must include all three Pricing Forms for CPTA, CPA and Custodial Services (Appendix B) completed according to the instructions contained in the forms.

3. OTHER MANDATORY SUBMISSION REQUIREMENTS

a) The following Financial Information must be provided:

- Proponent's detailed organizational diagram (including portraying ownership of all subsidiaries and/or related companies)
- Signed Auditor's Report with audited 2018, 2019 and 2020 financial statements to include:
 - Balance Sheet;
 - Income Statement;
 - Cash Flow Statement;
 - The Notes to the Financial Statements
 - In-house statements for 2020 with comparative figures for 2019
 - In-house cash-flow projections for the next 12 months starting from RFP issuance date

In the case of a joint venture or consortium, each and all members of the joint venture or consortium must provide the required Financial Information. Partnerships of individuals (as opposed to partnerships of corporations) must provide written permission from each partner allowing CMHC to perform a credit check on them, if deemed necessary.

b) MANDATORY TECHNICAL REQUIREMENTS. (Section I)

Proponents must provide a statement per each MTR as to how the proponent is in compliance with the mandatory technical requirement in (section I).

I. MANDATORY TECHNICAL REQUIREMENTS

The following will be assessed on a pass/fail basis:

Mandatory Technical Requirement (MTR)	MTR Description	Statement Response ***Please provide detailed responses – a YES or NO is not sufficient***
MTR. 1	1.is financially sound in its operations; 2.has an unencumbered net worth of at least C\$100 million. Provide a brief overview of your abilities in this regard;	
MTR. 2	Proponent can obtain: <ul style="list-style-type: none"> • for the role of CPTA, a committed line of credit facility in the amount of at least C\$350 million with a Schedule 1 bank under the <i>Bank Act</i> (Canada); and • for the role of CPA, a committed line of credit facility in the amount of at least C\$350 million with a Schedule 1 bank under the <i>Bank Act</i> (Canada).; 	
MTR. 3	The proponent must have an IT security program in place. This program must ensure that IT security best practices are managed, enforced and audited.	
MTR. 4	All data must remain in Canada in the proponent’s hosting environment. All data stored in the proponent’s hosting environment can only be accessed (including access for the purpose of technical and operational support) by individuals residing in countries where Canada has a bilateral agreement on security.	
MTR. 5	The proponent must have the ability to provide services in both official languages Nationwide, if required.	

Proponents must provide a statement per each MTR as to how the proponent is in compliance with the mandatory technical requirement(s) outlined above.

J. PRE-CONDITIONS OF AWARD

a. Financial Assessment

Once the proponent has been selected, CMHC reserves the right to conduct a credit and/or a financial capacity check (the "Financial Assessment") on such proponent. Other than documentation submitted to establish MTR.2, proponents are not expected to submit confidential financial information with their proposal. Once the proponent is selected following the RFP evaluation process, CMHC will request the additional financial information necessary (the "Financial Information") to confirm the financial capacity of the selected proponent and the selected proponent must provide the information within seventy two (72) hours of the request.

The following Financial Information must be provided:

- Proponent's detailed organizational diagram (including portraying ownership of all subsidiaries and/or related companies)
- Signed Auditor's Report with audited 2018, 2019 and 2020 financial statements to include:
 - Balance Sheet;
 - Income Statement;
 - Cash Flow Statement;
 - The Notes to the Financial Statements
 - In-house statements for 2020 with comparative figures for 2019
 - In-house cash-flow projections for the next 12 months starting from RFP issuance date

In the case of a joint venture or consortium, each and all members of the joint venture or consortium must provide the required Financial Information. Partnerships of individuals (as opposed to partnerships of corporations) must provide written permission from each partner allowing CMHC to perform a credit check on them, if deemed necessary.

Proponents that are organized as sole proprietorships must provide a statement contained within their proposal giving written permission for CMHC to perform a credit check as required. Where financial statements are available, they should accompany the foregoing statement. The proponent may provide other relevant Financial Information but is not obligated to do so.

CMHC may request additional information from the proponent during this Financial Assessment.

Failure to comply with the requirements set out in this section may result in disqualification of the selected proponent at which time no further consideration will be provided to the respective submission(s).

The Financial Assessment is a pass/fail evaluation to determine whether the selected proponent has the financial capacity required to provide CMHC with reasonable assurance that it will be able to meet its obligations if it enters into an agreement with CMHC. If the selected proponent passes the Financial Assessment, CMHC is then in a position to i) enter into the Security Measures Assessment and/or ii) perform the obligations under each of the contracts . If the selected proponent fails the evaluation of the Financial Assessment, it is disqualified from further consideration.

b. Information Security Assessment of proponent's IT Infrastructure for Protected B and Personal Information

Proponents(s) must demonstrate that they have the required IT infrastructure in place to safeguard third-party personal information and any CMHC data.

The proponent must complete and provide to CMHC with its proposal the questionnaires in Appendix E – Privacy/Security Controls Questionnaire and Appendix F – IT Requirements.

The assessment of the security measures is a pass/fail evaluation to determine whether the selected proponent has the measures required to provide CMHC with reasonable assurance that it will be able to meet its obligations if it enters into an agreement with CMHC. If the selected proponent passes the assessment of the security measures and IT requirements, CMHC is then in a position to proceed with the agreement award. If the selected proponent fails this assessment, it will not be awarded an agreement until the proponent is able to comply.

K. RATED CRITERIA

The following sets out the categories, weightings and descriptions of the rated criteria of the RFP.

Rated Criteria Category	Weighting (%)
R.1 Experience and Qualifications of the organization	30%
R.2 Approach and Methodology	30%
R.3 Subject Matter Expertise	20%
R.4 Experience and Qualification of the proposed resource(s)	10%
Stage III - Pricing (See Appendix B for details)	10%
Total	100%

Submission requirements (proposal content) for each rated criteria category

Note:

Each proponent should provide the following in its proposal in the same order as listed below.

R. 1 EXPERIENCE AND QUALIFICATIONS OF THE ORGANIZATION

R.1.1 Provide a brief description of your organization (overview and history);

R.1.2 Provide an organizational diagram;

R.1.3 Outline your organization’s experience with Government agencies (such as Crown Corporations and/or other organizations with a public mandate);

R.1.4 Describe your company's business resumption/continuity planning process and governance, accountability, control and risk management framework

R.1.5 The following Financial Information must be provided:

- Proponent's detailed organizational diagram (including portraying ownership of all subsidiaries and/or related companies)
- Signed Auditor's Report with audited 2018, 2019 and 2020 financial statements to include:
 - Balance Sheet;
 - Income Statement;
 - Cash Flow Statement;
 - The Notes to the Financial Statements
 - In-house statements for 2020 with comparative figures for 2019
 - In-house cash-flow projections for the next 12 months starting from RFP issuance date
- In the case of a joint venture or consortium, each and all members of the joint venture or consortium must provide the required Financial Information. Partnerships of individuals (as opposed to partnerships of corporations) must provide written permission from each partner allowing CMHC to perform a credit check on them, if deemed necessary.

R. 2 APPROACH AND METHODOLOGY

R.2.1 Describe why your organization is ideally suited to provide all three parts of the Deliverables to CMHC, please provide information for each service separately;

R.2.2 Outline how CMHC's account would be handled by your organization to ensure that it receives cost-effective, prompt, personal, efficient and high quality services for all three parts, please provide information for each service separately;

R.2.3 Describe how you will meet all of CMHC's requirements set out in Sections B, C, E, F, H, I and J in this Appendix C, please provide information for each service separately;

R. 3 SUBJECT MATTER EXPERTISE

R.3.1 Describe in detail the organization's expertise in the applicable fields relevant to scope of work and the deliverables. Please provide information for each service separately. The response should include information on:

- Years of experience in the field of CPTA, CPA and Custodian;
- Breadth of experience in the field of CPTA, CPA and Custodian;
- Range of clients in the field of CPTA, CPA and Custodian. Include at least two (2) public agencies, Crown corporations and/or large complex organizations (ideally with a public mandate).

R.3.2 Please describe how CMHC will benefit from your organization's expertise outlined under R.3.1. Please provide information for each service separately.

R.3.3 Please provide two (2) examples of work performed for other clients similar to the requirements set out in the Deliverables of the RFP, please provide information for each service separately.

R.3.4 At a very minimum, your company must have been offering similar services for at least three (3) years. How many years has your company been in business providing CPTA, CPA and Custodial services? How many years have you been providing this service in Canada?

Please complete the following table for CPTA:

	Volume of security certificates issued/transferred	Volume of Payments made to investors	Size of largest client	# of clients	# Clients gained	# Clients lost
2020						
2019						
2018						
2017						
2016						

Please complete the following table for CPA

	Dollar Volume of Payment Transactions Managed	Number of Payment Transactions over \$250 million	# of clients	# Clients gained	# Clients lost
2020					
2019					
2018					
2017					
2016					

Please complete the following table for Custodian:

	# of clients	\$ Value of Custodial Services Provided	# Clients gained	# Clients lost
2020				
2019				
2018				
2017				
2016				

R.3.5 Please provide information related to any contract terminated by a client for default under the agreement or terminated for cause.

R.3.6 Provide the following information regarding major contracts of a similar nature that you have successfully managed or are still managing, please provide information for each service separately:

- (a) specify the name and address of the client;
- (b) client contact and telephone number;
- (c) number of years serving this client, current status and term of the contract;
- (d) brief description of the various services supplied by your company under the contract;
- (e) describe the service arrangements which were established and the respective roles and responsibilities of your company and your client for each contract;
- (f) describe the financial arrangements, how you charged for your products and services; and
- (g) describe your use of innovation to meet client objectives, changes or new requirements.

R. 4 EXPERIENCE AND QUALIFICATIONS OF THE PROPOSED RESOURCES. PLEASE PROVIDE INFORMATION FOR EACH SERVICE SEPARATELY WHEN NEEDED.

R.4.1 Specifically, name the key representative(s) for the CMHC account and provide his/her qualifications.

R.4.2 Account Manager. Please provide proposed resource's name and bio. In addition, a description of experiences and education acquired, their area of expertise, the number of years of experience and their level of bilingualism in both, French and English. (max. 2 single sided pages);

R.4.3 Supporting Team. Please list the proposed resources in the applicable area of expertise and provide a brief bio and qualifications (1 single-sided page per resource); and

R.4.4 Please briefly describe the role and level of involvement of the proposed resources (Account Manager and/or supporting team) in the three (3) examples described under R.3.3 above. (max. 2 single sided pages)

L. REFERENCES

CMHC may contact the references provided under rated criteria R.3.6 above as per Section 3.1.4 References and past performance (Part 3 -Terms and Conditions of the RFP Process) and/or as per Section J. Pre-conditions of Award (Appendix C – RFP Specifications).]

APPENDIX D – FORM OF AGREEMENTS

APPENDIX D1 - CPTA Form of Agreement

APPENDIX D2 - CPA Form of Agreement

APPENDIX D3 - CUSTODIAN Form of Agreement

APPENDIX E – PRIVACY/SECURITY CONTROLS QUESTIONNAIRE

PRIVACY/SECURITY CONTROLS	RESPONSE/CONFIRMATION OF EXISTING CONTROLS <i>***Please provide detailed responses – a YES or NO is not sufficient***</i>
<p>1. Privacy Governance - Responsibility and Accountability for Policies and Procedures</p> <p>Responsibility and accountability are assigned to a person or group for developing, documenting, implementing, enforcing, monitoring, and updating the organization’s privacy policies and procedures.</p> <p><i>*For CMHC Internal Use: PIA Sections: 1.1, 1.2, 1.4, 6.1</i></p>	
<p>2. Privacy Incident and Breach Management</p> <ul style="list-style-type: none"> ▪ A documented privacy incident and breach management program has been implemented that includes, but is not limited to, the following: Procedures for the identification, management, and resolution of privacy incidents and breaches; ▪ Defined responsibilities; ▪ A process to identify incident severity and determine required actions and escalation procedures; ▪ A process for complying with breach laws and regulations, including stakeholders and breach notification, if required; ▪ An accountability process for employees or third parties responsible for incidents or breaches with remediation, penalties, or discipline as appropriate; ▪ A process for periodic review (at least on an annual basis) of actual incidents to identify necessary program updates based on: incident patterns and root cause; and changes in the internal control environment or external requirements (regulation or legislation); ▪ Periodic testing or walkthrough process (at least on an annual basis) and associated program remediation as needed. <p><i>*For CMHC Internal Use: PIA Sections 1.3, 1.4, 2.1, 3.1</i></p>	
<p>3. Compliance, Monitoring and Enforcement</p> <p>Compliance with privacy policies and procedures, commitments, service-level agreements, and other contracts will be reviewed and documented, and the results of such reviews reported to management. If problems are identified, remediation plans are developed and implemented.</p> <p><i>*For the Trust Internal Use: PIA Sections 1.4, 2.1, 3.1, 6.1, 10</i></p>	
<p>4. Privacy Training</p> <p>A privacy education and communication program is in place and supported by a monitoring system that confirms all employees and/or contractors are trained.</p> <p><i>*For CMHC Internal Use: PIA Sections 1.5, 3.1, 3.2</i></p>	

<p>5. Third Party Protection of Personal Information</p> <p>The organization has procedures in place to evaluate that the third parties have controls to meet the terms of the CMHC agreement, instructions, or requirements.</p> <p><i>*For CMHC Internal Use: PIA Sections 1.2, 1.6, 3.1, 4.1</i></p>	
<p>6. Privacy by Design (PbD)</p> <p>Privacy by Design is proactively embedded in the proposed program/activity throughout the entire life cycle end to end. Therefore it is ensured that privacy is built into the design, operation, and management from the start. The organization can also articulate and demonstrate the “positive sum” (e.g. no trade offs; win/win) characteristics of program/activity.</p> <p><i>*For CMHC Internal Use: PIA Sections 1.2, 1.7, 2.1, 3.1, 3.2, 4.1</i></p>	
<p>7. Retention and Storage of Personal Information</p> <p>Please describe your policies and procedures.</p> <p><i>*For CMHC Internal Use: PIA Sections 4.1, 5.1, 5.2, 5.3</i></p>	
<p>8. Disposal, Destruction and Redaction of Personal Information</p> <p>Personal information no longer needed is de-identified, anonymized, disposed of, or destroyed in a manner that prevents loss, theft, misuse, or unauthorized access.</p> <p><i>*For CMHC Internal Use: PIA Sections 5.1, 5.4</i></p>	
<p>9. Security in Privacy Policies</p> <p>The organization’s privacy policies (including any relevant security policies), address the security of Personal Information.</p> <p><i>*For CMHC Internal Use: PIA Section 7.1</i></p>	
<p>10. Safeguarding of Personal Information</p> <p>Personal information is protected, from start to finish, using administrative, technical and physical safeguards to prevent loss, misuse, unauthorized access, Disclosure, alteration, and destruction. Please explain how you meet security controls based on a security framework, such as or equivalent to:</p> <ul style="list-style-type: none"> ▪ ISO27001:2013 ▪ ITSG-33 ▪ SOC 1 Report ▪ SOC 2 Report ▪ CSEA 3416 ▪ SSAE 18 <p>Alternatively, if you are using a third-party provider to manage your network (such as Bell Canada or Rogers or Microsoft),</p>	

<p>SOC reports are available through your provider and will satisfy this requirement.</p> <p>*For CMHC Internal Use: PIA Section 7.2</p>	
<p>11. Logical Access to Personal Information</p> <p>Logical access to Personal Information is restricted by procedures that address the following matters:</p> <ul style="list-style-type: none"> a) Authorizing and registering internal personnel and individuals; b) Identifying and authenticating internal personnel and individuals; c) Making changes and updating access profiles; d) Granting privileges and permissions for access to IT infrastructure components and Personal Information; e) Preventing individuals from accessing anything other than their own personal or sensitive information; f) Limiting access to Personal Information to only authorized internal personnel based upon their assigned roles and responsibilities; g) Distributing output only to authorized internal personnel; h) Restricting logical access to offline storage, backup data, systems, and media; i) Restricting access to system configurations, super user functionality, master passwords, powerful utilities, and security devices (for example, firewalls); and j) Preventing the introduction of viruses, malicious code, and unauthorized software. <p>*For CMHC Internal Use: PIA Section 7.3</p>	
<p>12. Physical Access Controls</p> <p>Physical access is restricted to Personal Information in any form (including the components of the entity's system(s) that contain or protect Personal Information). Controls are in place to ensure the confidentiality, availability and integrity of the Personal Information.</p> <p>*For CMHC Internal Use: PIA Section 7.4</p>	
<p>13. Environmental Safeguards</p> <p>Corresponding sections: 7.5</p> <p>Personal information, in all forms, is protected against accidental Disclosure due to natural disasters and environmental hazards.</p> <p>*For CMHC Internal Use: PIA Section 7.5</p>	
<p>14. Transmitted Personal Information</p> <p>Personal information collected and transmitted over the internet, over public and other non-secure networks, in the cloud and over wireless networks is protected.</p> <p>*For CMHC Internal Use: PIA Section 7.6</p>	

<p>15. Storage of Personal Information/Technical Safeguards</p> <p>Personal information is stored securely. For example:</p> <ul style="list-style-type: none"> ▪ Biometrics; ▪ Passwords; ▪ Passwords changed every 90 days; ▪ Password protected screensavers; ▪ Session time out security; ▪ Firewalls; ▪ Intrusion detection systems; ▪ Virtual private networks (VPN); ▪ GoC(Government of Canada) Public Key Infrastructure Certificates; ▪ External Certificate Authority (CA); and ▪ Audit trails. <p><i>For CMHC Internal Use: PIA Section 7.6</i></p>	
<p>16. Testing Security Safeguards</p> <p>Tests of the effectiveness of the key administrative, technical, and physical safeguards protecting Personal Information are conducted periodically including a Threat and Risk assessment (TRA) or similar security assessment.</p> <p><i>For CMHC Internal Use: PIA Sections 7.7, 7.8</i></p>	
<p>17.1 Openness</p> <p>Information about an organization’s privacy policies and procedures, including the name of the Privacy Officer and their responsibilities, are user-friendly, communicated and made readily available to the public, internal personnel and third parties who need them.</p> <p><i>For CMHC Internal Use: PIA Sections 8.1, 8.2</i></p>	
<p>17.2 Openness</p> <p>Corresponding sections: 8.1</p> <p>Privacy policies are documented in writing, made publicly available, and are current and up-to-date, which demonstrate commitments to protect privacy, in user-friendly terms.</p> <p><i>For CMHC Internal Use: PIA Section 8.1</i></p>	

APPENDIX F – IT REQUIREMENTS

IT Requirements	RESPONSE
<p>Provide an overview of your dedicated systems, technology and IT personnel resources.</p>	
<p>Describe your process and controls in place for reconciling data between the systems which interface with each other (i.e. recordkeeping, internet, call center, IVR and external data transfer from plan sponsor) and specify when the process was introduced. How often are the systems reconciled (i.e. real-time, batch, nightly, weekly) and what procedures are in place if the reconciliation fails?</p>	
<p>Please confirm if you currently employ security systems and procedures, such as:</p> <ol style="list-style-type: none"> 1) Firewall that filters the required protocols and supports the logging of all access attempts. 2) Web server support of SSL and the use of encryption keys that are modified every two years at a minimum. 3) Secure authentication technology (i.e. token technology or user ID and password / password life and complexity). 4) Explain to us how the Solution allows an external user to reset his/her password. 5) Other, please describe. 	
<p>How is access to CMHC data managed:</p> <ol style="list-style-type: none"> 1) Security screening (employees and contractors have been security screened to the level specified for their position or contract, or to the minimum required to access the system, whichever is greater); 2) Access control review (granting, modifying or revoking accesses); 3) Security incident reporting process; 4) Physical location/physical access control procedures (i.e. does the system reside in an area that meets the physical security requirements appropriate to its sensitivity level, is access to the site restricted to authorized personnel); and 5) Are physical security requirements in place to meet RCMP standards for the safeguarding of Protected B data? 	

<p>Indicate if there is redundancy in all systems supporting your production environment, including but not limited to:</p> <ol style="list-style-type: none"> 1) Backup communication lines 2) Backup application 3) Backup database 4) Backup hardware 5) Backup power supply 6) Backup of logs and audit trails. 	
<p>Confirm and describe if you have a disaster recovery facility in place that is separate from the primary production site to provide full backup and timely resumption of processing for critical systems.</p>	
<p>Indicate if there is currently a privacy and security program in place, including but not limited to:</p> <ol style="list-style-type: none"> 1) Is this part of an individual's responsibility or is it a team that is assigned to the task? 2) Is there a privacy level agreement / privacy statement addressing the level of data protection in place and any accountability obligations? 3) Are policies, processes, and procedures reviewed and updated accordingly? 4) Does your privacy and security programs apply to all your jurisdictions from where you operate and provide support from? 5) Are your privacy and security practices audited by independent external parties? 6) Can you integrate ATI processes with CMHC's privacy processes described in Appendix D, Section 4.0, and sub-section 4.2 - Confidentiality, Privacy and Access to Information? 7) Can you integrate your incident response and privacy breach process with CMHC's IR process? 	

<p>Are any third parties going to be leveraged for providing your services? If so:</p> <ol style="list-style-type: none"> 1) What is the geographical location that these parties will be providing support from? - Technical and operational support for this solution must be provided by countries where Canada has a bilateral agreement on security. 2) Will they have access to CMHC Protected information? 3) Are any processes or agreements in place that will ensure that third parties follow data protection practices? 4) Who is accountable for their security controls? 	
<p>Have your privacy and security practices been audited or undergone verification, by independent external parties?</p> <ol style="list-style-type: none"> 1) Can you provide compliance with any COBIT, PCI, ISO/SSAE16 or similar standards? 2) Are any SOC reports, such as but not limited to, SOC2 Type2, available? 	
<p>Identify how any CMHC related data is protected while in transit and at rest.</p> <ol style="list-style-type: none"> 1) Would any of this data ever be stored on transportable media and devices? Such as but no limited to USB sticks or any external storage devices? 2) Are any safeguards in place for any mobile devices such as, but not limited to, BYOD, mobile phones, and laptops? 3) Are any of your databases, servers, or applications used by other clients? If so, how do enforce the segregation of data from one client to another? 4) Will the data at rest and in motion be encrypted amongst the solutions components and its end users? 5) Do you have controls in place to meet Protected B safeguards based on ISO27001:2013, ITSG-33 or equivalent? 6) If all data at rest and in motion resides within Canada, does the data in motion ever leave Canadian soil, even for temporary purposes? 	
<p>Identify how downtime is managed for situations such as service upgrades and patch management.</p>	
<p>Identify all geographic locations where any of CMHC's data will reside.</p>	

Identify the physical and administrative safeguards currently in place that will protect CMHC’s information stored within your datacenters.	
What Service Levels can be guaranteed?	
Identify what security guidelines you follow for application development.	
Identify if integration with CMHC’s services directories or identity management is possible when and if required. 1) Does the solution support Single Sign-On (SSO)? 2) Does the solution support Two Factor Authentication (2FA)?	
Can third parties access shared logs and resources and reveal sensitive information about CMHC and its users?	
Identify how credentials and digital identities are protected and how they are used in a public cloud, or on-premise applications	
Identify if your service supports an IaaS, PaaS, SaaS or an on-premise architecture for delivering your services.	
Identify if you have ever experienced any information privacy or security breaches.	
Identify if security related assessments are conducted on a regular (yearly) basis. This can include: 1) Internal and/or 3rd party Vulnerability assessments/testing 2) Internal and/or 3rd party Penetration testing.	
Can data that is deemed confidential by CMHC be masked? If yes, how? If no, what effort is involved to implement that functionality?	
Identify how data is destroyed upon termination of service, and what method is used (i.e. multiple writes).	

APPENDIX G – CMB PROGRAM DEFINITIONS

DEFINITIONS AND RULES OF USAGE

Definitions. The following words shall have the following meanings, unless otherwise expressly provided or unless the context otherwise requires:

"Acceptable Private Mortgage Insurer" means a Person who in the ordinary course of business provides private mortgage insurance and who is designated as acceptable by the Guarantor in accordance with the Commitment Agreement.

"Act" means the *National Housing Act* (Canada).

"Actual Knowledge" means, with respect to any Person (other than an individual) as to any event or circumstance, the actual knowledge of a Responsible Officer of such Person or receipt by such Person from a party to the Operative Documents of notice of such event or circumstance and the relevance thereof under the Operative Documents.

"Administrator" means the Person appointed in accordance with the Declaration of Trust under the Administration Agreement as administrator to the Trust to carry out certain administrative responsibilities described in the Administration Agreement.

"Administration Agreement" means the administration agreement in a form as may be determined by the Trust from time to time with the approval of the Guarantor.

"Administrative Services" means the services described in Section 3.1 and Schedule B - Administrative Services of the Administration Agreement. For greater certainty, any services which are to be provided to the Trust by the Financial Services Advisor under the Financial Services Agreement, the Custodian under the Custodial Agreement or the CPA under the CPA Agreement are to be provided by such Persons exclusively and the Administrator shall have no duties or authority with respect to such matters.

"Affiliate" means, with respect to any specified Person, any other Person directly or indirectly, through one or more intermediaries, controlling or controlled by or under direct or indirect common control of such Person. For the purposes of this definition the word "control", when used with respect to any specified Person, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"After-Tax Basis" means, in respect of an amount (the "base amount") to be received by a Person, the base amount supplemented by a further payment, if necessary, to such Person such that, after reduction for all Taxes (net of any current credits or deductions or other Tax benefits to which such Person actually is entitled with respect to the payment or accrual of such amount arising therefrom), if any, actually imposed on such Person or any Affiliate

in respect of the sum of the base amount and such further payment, the amount actually received shall be equal to the base amount.

"Allocated Bonds" means, in respect of a particular Package, the proportion of the gross proceeds received on a Closing Date in respect of an issuance of Bonds that the gross proceeds amount payable to the Seller in respect of such Package is to the aggregate gross proceeds payable to all Sellers in respect of all Packages purchased on such Closing Date, and for the purpose hereof, "gross proceeds" means all of such proceeds prior to any deduction for expenses.

"Allocated Costs and Expenses" means, at any time, in respect of a particular Package, (i) those Permitted Costs and Expenses that reasonably relate directly to such Package plus (ii) a proportionate share of the remaining Permitted Costs and Expenses that have not been allocated to such Package or any other Package under clause (i) of this definition equal to the proportion that the gross proceeds payable by the Trust to the Seller in respect of such Package is of the aggregate gross proceeds of issuance attributable to all Bonds issued and remaining outstanding at such time, and for the purpose hereof, "gross proceeds" means all of such proceeds prior to any deduction for expenses.

"Allocated Transaction Costs" means, at any time, in respect of a particular Package, (i) those Transaction Costs that reasonably relate directly to such Package plus (ii) a proportionate share of the remaining Transaction Costs that have not been allocated to such Package or any other Package under clause (i) of this definition equal to the proportion that the gross proceeds payable by the Trust to the Seller in respect of such Package is of the aggregate gross proceeds of issuance attributable to all Bonds issued and remaining outstanding at such time, and for the purpose hereof, "gross proceeds" means all of such proceeds prior to any deduction for expenses.

"Annual Net Income" means annual net income of the Trust as reported in its financial statements prepared in accordance with GAAP.

"Applicable Law" means, with reference to any Person, all laws (foreign or domestic), ordinances and treaties and all judgments, decrees, injunctions, writs and orders of any court, arbitrator or governmental agency or authority, and all rules, regulations, orders, interpretations, directives, licenses and permits of any governmental body, instrumentality, agency or other regulatory authority applicable to such Person or its property or in respect of its operations.

"Approved Deposit Taking Institution" means a Canadian branch of (i) any bank incorporated under the laws of Canada, including any deposit taking Affiliate or related party of the Trustee, or (ii) any trust company authorized to take deposits and incorporated or registered under the laws of Canada or any province of Canada, including the Trustee.

"Asset-Backed Security" means each asset-backed security that meets the following criteria:

- (a) it must be backed by residential mortgages with respect to properties located in Canada only;

- (b) reporting with respect to the asset-backed security must be issued to investors, at a minimum, no less than monthly within 35 business days of each month-end and such reporting must disclose asset composition underlying the asset-backed security (including, but not necessarily limited to, the amount and/or percentage of sub-prime mortgage assets held, loan to value ratios, asset characteristics, asset performance and the total outstanding issuance of all such asset-backed securities issued by such Person);
- (c) the Person issuing the asset-backed security may not hold any sub-prime mortgage assets, being those mortgage assets reported as sub-prime mortgages in the reporting required in paragraph (b) of this definition;
- (d) it must have liquidity support arrangements that meet the following minimum criteria: (i) such arrangements cannot have a general market disruption clause as a condition precedent to a drawdown, (ii) such arrangements must cover at least the face amount (including any interest) of the asset-backed security, (iii) such arrangements must require, prior to issuance of the asset-backed security, a program asset test, based on the amount of non-defaulted mortgages plus credit enhancements available to the Person issuing the asset-backed security being greater or equal to the principal and accrued interest of such Person's liabilities at any time, and a program liquidity test, based on available contractual liquidity commitments exceeding the principal and accrued interest of all outstanding asset-backed securities issued by such Person at any time, (iv) liquidity funding under such arrangements must be provided to the Person issuing the asset-backed security if funds are required to pay the maturing asset-backed security or any interest thereon or otherwise on the request of such Person, (v) same-day liquidity funding is required if a liquidity support provider under such arrangements receives notice of the funding request from the Person issuing the asset-backed security prior to a specified time on that day, (vi) the term of such arrangements must exceed the remaining term to maturity of the asset backed security, (vii) termination, assignment or non-renewal of such arrangements must require notice to the applicable rating agency(ies) rating such Person and asset-backed securities issued by such Person, (viii) termination of such arrangements by the liquidity support providers under such arrangements must require funding to be to be provided or drawn to the full extent available under such arrangements prior to such termination, (ix) such arrangements must subordinate any interest payable to the liquidity providers under such arrangements above the rate of the asset-backed security and subordinate all claims of such liquidity providers for amounts other than principal and non-subordinated interest to claims by investors in the asset-backed security for payment of principal and interest, (x) liquidity support providers under such arrangements must be financial institutions meeting minimum specified credit rating standards of internationally recognized rating agencies, (xi) events of default under such arrangements must be limited to the failure of the Person issuing the asset-backed security to pay certain material obligations or such Person's bankruptcy or insolvency, (xii) liquidity support providers under such arrangements must be restricted from instituting bankruptcy or insolvency actions against the Person issuing the asset-backed security and (xiii) all such additional criteria in respect of asset-backed securities from time to time in effect or as may

be required by the Guarantor, consistent with what are considered to be Canadian or global liquidity support arrangements at such time by Canadian Governmental Authorities or rating agencies;

- (e) at the time of acquisition by the Trust, it must have, and must be issued by a Person who has:
 - (i) in the case of an asset-backed security that is backed only by mortgages that are 100% insured against mortgagor default and such insurance is backed by the Government of Canada, one short-term credit rating at the level of at least “P-1” assigned by Moody's Investors Service, Inc. (“Moody’s”), “A-1+” assigned by Standard and Poors Ratings Services, a division of the McGraw-Hill Companies, Inc. (“S&P”), or “R-1 (high)” assigned by Dominion Bond Rating Service Limited (“DBRS”); or
 - (ii) otherwise, a minimum of two short-term credit ratings at the level of at least “P-1” assigned by Moody's, “A-1+” assigned by S&P, or “R-1 (high)” assigned by DBRS; or
- (f) at the time of acquisition by the Trust, it may not have a term to maturity of more than one year and the maturity date may not be extendable;
- (g) it has a fixed rate of interest (or equivalent by way of issuance at a discount to face principal amount);
- (h) it is non-redeemable and non-retractable;
- (i) its terms and conditions cannot be amended, supplemented or otherwise modified at any time after issue; and
- (j) assuming that it meets the criteria set forth in paragraphs (a) through (j) of this definition, at no time may the Trust own more than 10% of the asset-backed securities that are issued by any one Person in the issue to which it relates based on the most recent reporting delivered by such Person.

"Authorization Agreement" means each agreement between the Guarantor and the Trust in a form as may be determined by the Trust from time to time with the approval of the Guarantor.

"Availment" means the availment of the Guarantee Facility by the Trust by the embossment or granting of the Guarantee in connection with Obligations issued or entered into by the Trust.

"Bankruptcy Proceeding" means, with respect to any Person, any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, arrangement, reorganization or other similar action or proceeding in connection therewith, relative to such Person or its creditors, or to its assets, whether voluntary or involuntary, or any liquidation, dissolution or other winding up of the Person whether voluntary or involuntary and whether or not involving bankruptcy, or any general assignment for the benefit of creditors or other marshalling of

assets or liabilities of such Person, whether voluntary or involuntary, including, without limitation of the foregoing, any proceeding or action under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or the *Winding-Up and Restructuring Act* (Canada), a case under Chapter 7 or Chapter 11 of Title 11 of the United States Bankruptcy Code, or any similar proceeding in any applicable jurisdiction.

"Beneficiary" means any one or more of the charities registered under the *Income Tax Act* (Canada), other than any registered charity which is a trust, which are members or otherwise part of the United Way of Toronto or any successor to such organization from time to time designated in writing by the Trustee on an annual basis or upon the termination of the Trust, their respective successors and assigns or, should such charities cease to exist or decline to accept payment, such other charity registered under the *Income Tax Act* (Canada), other than any registered charity which is a trust, as the Trustee in its sole discretion may designate in writing from time to time to be the recipient of the Trust Property and the term "Beneficiaries" refers to more than one such registered charity.

"Bond" means each bond or other debt instrument, whether certificated or uncertificated, issued by the Trust having the benefit of the Guarantee by the Guarantor that is authenticated and delivered by the Bond Indenture Trustee under any Bond Indenture and, when the context requires, shall also mean any instrument or instruments evidencing such Bonds in definitive form.

"Bond Documents" means any Bond Indenture, any Underwriting Agreement, any bond purchase agreement, any offering circular relating to the issuance of a series of Bonds and any other document related to or necessary for the issuance of Bonds.

"Bond Event of Default" means, in respect of a particular series of Bonds, a "Payment Default" as defined in the applicable Bond Indenture.

"Bond Indenture" means any bond trust indenture that the Trust may enter into from time to time with the approval of the Guarantor.

"Bond Indenture Trustee" means, in respect of a particular series of Bonds, each trustee for Bondholders under the applicable Bond Indenture and if there is more than one trustee for Bondholders under a Bond Indenture, then any reference to "Bond Indenture Trustee" in respect of the series of Bonds issued under such Bond Indenture shall be interpreted as referring to "the Bond Indenture Trustees or either of them" or "the Bond Indenture Trustees and each of them", as the context may require.

"Bond Issue Date" means, in respect of a particular series of Bonds, the date determined pursuant to the Commitment Agreement according to which Bonds are issued.

"Bond Payment Date" means any date on which Bondholders are owed and receive payment of principal and/or interest on Bond(s) held by such Bondholder.

"Bond Register" means the register of Bondholders maintained by the Bond Indenture Trustee in accordance with the applicable Bond Indenture.

"Bondholder" means a Person who has purchased one or more Bonds and is registered on the Bond Register as the holder of one or more Bonds.

"Business Day" means any day on which banks are open for business in Toronto, Ontario, other than a Saturday, Sunday or public holiday.

"CDS" means The Canadian Depository For Securities Limited.

"CMB Guide" means any guide relating to the CMHC CMB Program that may be issued from time to time by the Trust, in form acceptable to the Guarantor, as same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"CMHC" means Canada Mortgage and Housing Corporation, a Crown corporation existing under the *Canada Mortgage and Housing Corporation Act* (Canada).

"CMHC CMB Program" means the CMHC Canada Mortgage Bonds Program implemented and modified by CMHC from time to time pursuant to the authority granted to CMHC set forth in the Act.

"CMHC MBS Program" means the CMHC NHA Mortgage Backed Securities Program implemented and modified by CMHC from time to time pursuant to the authority granted to CMHC set forth in the Act.

"CPA" means the Central Paying Agent.

"CPA Agreement" means the central paying agent agreement in a form as may be determined by the Trust from time to time with the approval of the Guarantor.

"CPA Event of Default" means any of the events of default described in Section 8.1 of the CPA Agreement.

"CPA Services" means the services described in Section 3.1 and Schedule A - CPA Services of the CPA Agreement.

"CPTA" means the central payment and transfer agent as defined in the MBS Guide.

"CUSIP Number" means the number which identifies a particular Security. CUSIP stands for "The Committee of Uniform Security Identification Procedure."

"Canadian Dollars" means the lawful money of Canada.

"Canada Housing Trust Account" means the account maintained by the CPA on behalf of the Trust for the holding and/or investing of money of the Trust.

"Central Paying Agent" means the Person appointed by the Trust as central paying agent to carry out the CPA Services.

"Certification" means, with respect to each Package a Seller submits for sale to the Trust, the review, verification and confirmation by the Custodian on or prior to each Qualification

Date or upon a Subsequent Sale Date that the Package is comprised of Eligible Housing Loans.

"Clearing Agency" means CDS or such other clearing agency as may be approved by the Guarantor from time to time.

"Closing Date" means, in respect of a purchase of a particular Package by the Trust and issuance of Obligations on the basis thereof, the date of such purchase and issuance.

"Closing Request" means the request provided by the Trust to the Guarantor as set forth in Section 2.4 of the Commitment Agreement, in a form as may be determined by the Trust from time to time with the approval of the Guarantor.

"Collateral" shall have the meaning defined in Section 2.1 of the Master General Security Agreement.

"Commitment Agreement" means the Commitment to Guarantee Obligations Agreement dated as of April 9, 2001 between the Trust and the Guarantor.

"Commodity Taxes" means GST, harmonized sales taxes, Quebec sales taxes and any sales, use or value added Taxes of any applicable jurisdiction.

"Compliance Certificate" means a certificate of the Trust in a form as may be determined by the Trust from time to time with the approval of the Guarantor.

"Confidential Information" means all information, data, files, systems, software, processes, methodologies, Protocols, documentation and other materials communicated to the Person or to which the Person has access relating to or arising in connection with any services being provided by such Person, 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 who is obligated under any Operative Document to keep Confidential Information confidential, (ii) rightfully received from a third party, or (iii) independently developed by the Person without use of the Confidential Information so long as such independent development can be clearly documented and verified.

"Constituting Documents" means, with respect to a corporation or company, its articles of incorporation, amalgamation or continuance, memorandum of association, letters patent, constitution by laws or, with respect to a trust, its declaration of trust, or with respect to other Persons, as applicable, its partnership agreement, limited liability company agreement or other similar document, and all unanimous shareholder agreements, other shareholder agreements, voting trust agreements and similar arrangements applicable to a Person's ownership interests or other similar document as amended from time to time, and its by laws, as amended from time to time.

"Costs or Expenses" means the costs or expenses which are the subject of indemnification pursuant to any Operative Document.

"Counterparty" means a counterparty approved by the Trust and is acceptable to the Guarantor, under any Hedge Agreement between the Trust and such counterparty.

"Custodial Agreement" means the custodial agreement in a form as may be determined by the Trust from time to time with the approval of the Guarantor.

"Custodial Event of Default" means any of the events of default described in Section 7.1 of the Custodial Agreement.

"Custodial Services" means the services described in Section 3.1 and Schedule A - Custodian Services of the Custodial Agreement.

"Custodian" means the Person appointed in accordance with the Custodial Agreement as Custodian to the Trust to carry out the Custodial Services.

"Debt" means, for any Person, (i) all indebtedness or other obligations of such Person for borrowed money and all indebtedness of such Person with respect to any other items which would, in accordance with GAAP, be classified as a liability on the balance sheet of such Person, (ii) all obligations of such Person to pay the deferred purchase price of property or services (including indebtedness created under or arising out of any conditional sale or other title retention agreement), (iii) all obligations of such Person (contingent or otherwise) under reimbursement or similar agreements with respect to the issuance of letters of credit, (iv) all indebtedness or other obligations of such Person under or in respect of any swap or other financial hedging arrangement, (v) all indebtedness or other obligations of any other Person of the type specified in clause (i), (ii), (iii) or (iv) above, the payment or collection of which such Person has guaranteed (except by reason of endorsement for collection in the ordinary course of business) or in respect of which such Person is liable, contingently or otherwise, including, without limitation, liable by way of agreement to purchase products or securities, to provide funds for payment, to maintain working capital or other balance sheet conditions or otherwise to assure a creditor against loss, and (vi) all indebtedness or other obligations of any Person of the type specified in clause (i), (ii), (iii), (iv) or (v) above secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including, without limitation, accounts and contract rights) owned by such Person, whether or not such Person has assumed or becomes liable for the payment of such indebtedness or obligations.

"Declaration of Trust" means the Declaration of Trust dated April 9, 2001 declared by the Trustee establishing the Trust.

"Default" means the occurrence and continuance of an Event of Default or a Pending Event of Default.

"Eligible Collateral MBS" means Eligible MBS that is Fixed Rate Collateral MBS, Floating Rate Collateral MBS or any combination thereof.

"Eligible Housing Loans" means direct or indirect undivided ownership interests in (i) one or more residential Housing Loans or eligible securities issued on the basis of Housing Loans, including Eligible MBS, which are acceptable for the purposes of the Commitment

Agreement, (ii) the Related Security to such Housing Loans or eligible securities issued on the basis of Housing Loans and (iii) all custodial, servicing or administration agreements or interests in custodial, servicing or administration agreements relating to such Housing Loans, eligible securities issued on the basis of Housing Loans or Related Security.

"Eligible MBS" means mortgage-backed securities that have a timely payment guarantee provided by CMHC.

"Event of Default" means any of the events of default described in Section 9.1 of the Commitment Agreement.

"Excluded Trustee Amounts" means:

- (a) all indemnity payments made or to be made to the Trustee under the Operative Documents to which the Trustee is entitled for its own account or on account of its own losses pursuant to the Operative Documents;
- (b) all amounts payable under any Operative Document to reimburse the Trustee (including the reasonable fees and expenses of the Trustee incurred in connection with any such payment) for performing any of the obligations of the Trust under and as permitted by any Operative Document; and
- (c) any insurance proceeds (or payments with respect to risks self insured or policy deductibles) under liability policies payable to the Trustee, in its personal capacity (or the Trustee's successors, assigns, agents, trustees, officers, directors or employees).

"Excluded Trustee Rights" means, (i) the exclusive right of the Trustee to (a) retain all Excluded Trustee Amounts owing to it, and (b) demand, collect or commence any action at law to obtain such payments and to enforce any judgment with respect thereto and (ii) all rights under the Operative Documents relating to, giving rise to, or resulting from Excluded Trustee Amounts.

"Financial Advisory Services" means the services described in Section 3.1 and Schedule A - Financial Advisory Services of the Financial Services Agreement.

"Financial Services Advisor" means the Person appointed by the Trust under the Financial Services Agreement as financial services advisor to the Trust to provide the Financial Advisory Services.

"Financial Services Advisor Event of Default" means any of the events of default described in Section 7.1 of the Financial Services Agreement.

"Financial Services Agreement" means the financial services agreement in a form as may be determined by the Trust from time to time with the approval of the Guarantor.

"Financial Statements" means the written record of the financial status of a Person, including a balance sheet, related profit and loss and reconciliation of surplus statements and a statement of cash flows as well as other analyses, certificates and management letters.

"Fiscal Year" means the calendar year, or such other year as is required by the *Income Tax Act* (Canada).

"Fixed Rate Collateral MBS" means Eligible MBS having a term to maturity of up to ten (10) years and carrying a fixed coupon rate of interest until maturity, and which shall include Eligible MBS of any of the following pool types: 867, 964, 965, 966, 967, 970, 975 and 990.

"Fixed Rate MBS" means Eligible MBS carrying a fixed coupon rate of interest until maturity.

"Floating Rate Collateral MBS" means Eligible MBS carrying a floating coupon rate of interest that resets monthly until maturity, having a term to maturity of up to seven (7) years, and which shall include Eligible MBS of any of the following pool types: 880, 885, 980, 985, and pool type 987 where the rates applicable to the mortgage loans in such pool type 987 reset at least monthly in accordance with the mortgage index rate.

"Floating Rate MBS" means Eligible MBS carrying a floating coupon rate of interest that resets monthly until maturity.

"Force Majeure" means any cause other than lack of funds beyond the reasonable control of the affected Person and which by the exercise of diligent efforts, the affected Person is unable to prevent or overcome by reason of an act of God, fire, lightning, tornado, flood, explosion, earthquake, strike or labour dispute not in the reasonable control of the affected Person, sabotage, pestilence, an act of the public enemy, civil or domestic authority, insurrection or riot and an act of the elements, in each such case which is beyond the reasonable control of the affected Person.

"GAAP" means generally accepted accounting principles which are in effect from time to time in Canada, as established or adopted by the Canadian Institute of Chartered Accountants or any successor body, applicable as at the date on which any calculation is made or required to be made in accordance with such generally accepted accounting principles, including implementation of, or amendments to such generally accepted accounting principles to address, the International Financial Reporting Standards as and when they become applicable in Canada.

"Global Bond" means a Bond issued in the name of a Clearing Agency.

"Governmental Authority" means any federal, provincial, regional, municipal or local government or any department, agency, board, tribunal, authority or crown corporation thereof or other political subdivision thereof and any entity or person in law exercising applicable executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government or the operation thereof, and includes any authority exercised by any aboriginal people.

"GST" means the goods and services tax levied under Part IX of the *Excise Tax Act* (Canada).

"Guarantee" means the guarantee provided for under and set forth in Section 2.3 of the Commitment Agreement.

"Guarantee Facility" means the guarantee facility established by the Guarantor in favour of the Trust pursuant to Section 2.1 of the Commitment Agreement.

"Guarantee Notice" means the guarantee notice described in Section 2.4 of the Commitment Agreement in a form as may be determined by the Trust from time to time with the approval of the Guarantor.

"Guarantee Period" means the period specified in a Guarantee Notice during which the Trust may obtain an Availment under the Guarantee Facility for Obligations issued by it in accordance with the terms and conditions of the Commitment Agreement.

"Guarantor" means CMHC in its capacity as guarantor under the Commitment Agreement or any Qualified Substitute Guarantor.

"Guarantor Documents" means the Commitment Agreement, each Authorization Agreement, the Master General Security Agreement in favour of the Guarantor, and any notices, waivers or other documents contemplated by or given pursuant to any of the foregoing.

"Hedge Agreement" means any currency exchange or interest rate exchange agreement, interest rate swap, cap, collar or floor agreement, future agreement, option agreement, swap agreement, basis swap, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, hedge agreement, forward rate or currency agreement or other similar agreement or transaction and options with respect thereto or any combination thereof, in connection with or related to the Bonds or the Obligations of the Trust under any Housing Loan Purchase Documents relating to the acquisition of Eligible Housing Loans and any notices, waivers or other documents contemplated by or given pursuant to any of the foregoing.

"Hedge Compliance Report" means the report delivered by the Administrator on behalf of the Trust to the Guarantor as required by Section 3.1(m) of the Administration Agreement, setting forth the information required by such Section.

"Hedge Documents" means collectively any Hedge Agreements, Reinvestment Custodial Agreements, payment directions, investment contracts, bank deposits and any documents or arrangements relating to or contemplated in any of the foregoing and any other agreements now or hereafter entered into by the Trust pursuant to which it acquires an interest in or invests in any Eligible Housing Loans and any loan agreement, credit agreement, trust indenture, promissory note or other agreement pursuant to which the Trust borrows money or issues or enters into Bonds, Interim Obligations or other instruments to fund the Trust's direct or indirect acquisition of Eligible Housing Loans.

"Hedge Trust Account" means a portfolio or other account of which the Trust is the beneficiary maintained by a Reinvestment Custodian in accordance with a Reinvestment Custodial Agreement.

"Housing Loan" means a loan that:

- (a) relates to a Housing Project;
- (b) is secured at least in part by security affecting a Housing Project or by an agreement relating to the use, occupancy or disposal of a Housing Project;
- (c) is made for the purpose of acquiring a financial interest in a Person who, directly or indirectly, owns, leases or operates a Housing Project; or
- (d) is made for the purpose of refinancing a debt that the Guarantor is of the opinion relates to a Housing Project or to a financial interest referred to in paragraph (c).

"Housing Loan Purchase Documents" means a Master Transfer Agreement or any other agreement, including a Repurchase Agreement, between the Trust, as purchaser, and a Seller, Repo Counterparty or Counterparty, as seller, relating to the purchase and sale of Purchased Investments, including Trust Permitted Investments underlying any Repurchase Agreement, and any notices, waivers or other documents contemplated by or given pursuant to any of the foregoing.

"Housing Project" means:

- (a) any building or movable structure, or any part thereof, that is intended for human habitation;
- (b) any property that is intended to be improved, converted or developed to provide housing accommodation or services in support of housing accommodation; or
- (c) any property that is associated with housing accommodation, including, without limiting the generality of the foregoing, land, buildings, and movable structures, and public, recreational, commercial, institutional and parking facilities.

"Indemnitee" means a Person entitled to indemnity pursuant to an Operative Document.

"Indemnitee Claim" shall have the meaning ascribed to such term in each Operative Document in which it is used and defined.

"Initial Capital" means the amount of ten thousand dollars (\$10,000) in lawful money of Canada declared to be held in trust by the Trustee for the Beneficiaries as described in the recitals to the Declaration of Trust.

"Interim Obligations" means any Debt incurred to finance the purchase of Eligible Housing Loans on an interim basis, including, without limitation, commercial paper and other debt Obligations or instruments issued or entered into by the Trust or guaranteed by the Guarantor.

"Lien" means any mortgage, debenture, pledge, hypothec, prior claim, encumbrance, lien, charge, assignment by way of security, consignment, lease, hypothecation, security interest or other security agreement, trust or arrangement having the effect of security for the payment of any debt, liability or obligation.

"Limited Recourse Condition" means the express condition that the recourse of any Person, including a Counterparty, against the Trust for an obligation owed by the Trust to such Person that reasonably relates solely to a Package (or to income or proceeds thereof) shall be limited solely to the Trust's right, title and interest in and to the Package (and income and proceeds thereof) and not to any other Trust Property whatsoever or any other assets or property of the Trustee, whether owned in its personal capacity or otherwise.

"MBS Certificates" means those certificates evidencing Eligible MBS issued in certificated form under the CMHC MBS Program.

"MBS Guide" means the CMHC manual for the CMHC MBS Program.

"Master General Security Agreement" means the master general security agreement among the Trust, the Guarantor and the Custodian in a form as may be determined by the Trust from time to time with the approval of the Guarantor.

"Master Transfer Agreement" means a master transfer agreement regarding Purchased Investments between the Trust and a Seller or a Counterparty in the form as may be determined by the Trust from time to time with the approval of the Guarantor.

"Net Worth", at any time, shall have the meaning defined under or in connection with the CMHC MBS Program at that time.

"Obligations" means all obligations of the Trust to the Bondholders and other debtholders of the Trust under or in connection with Bonds or Interim Obligations, including but not limited to all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing or remaining unpaid by the Trust to Bondholders and other debtholders of the Trust under or in connection with Bonds or Interim Obligations in any currency whether arising from dealings between the Bondholders and other debtholders of the Trust under or in connection with Bonds or Interim Obligations or from any other dealings or proceedings by which Bondholders and other debtholders of the Trust under or in connection with Bonds or Interim Obligations may be or become in any manner whatever a creditor of the Trust under or in connection with Bonds or Interim Obligations, and wherever incurred, and whether incurred by the Trust, alone or with another or others and whether as principal or surety, all present and future debts, liabilities and obligations of the Trust, under or in connection with all interest rate or currency hedging arrangements or agreements, money transfer services, foreign exchange, cash management, money management and other facilities and services which are established or provided for the Trust, and all interest, commissions, legal and other costs, charges and expenses in connection with any of the foregoing.

"Officer's Certificate" means a certificate signed by any Responsible Officer of the entity providing such certificate.

"Operative Documents" means, collectively, the Bond Documents, the Housing Loan Purchase Documents, the Guarantor Documents, the Hedge Documents, the Declaration of Trust, the Administration Agreement, the CPA Agreement, the Custodial Agreement, the Financial Services Agreement, this Agreement and any other document, agreement, form, instrument or writing delivered or entered into by any Person under or in connection with

any of the foregoing or that the Trust and Guarantor may designate as an “Operative Document” from time to time.

"Overdue Rate" means, on any day, the average of the annual rate of interest expressed as a percentage per annum announced by each bank listed on Schedule I to the *Bank Act* (Canada) as its reference rate for commercial loans made by it in Canada in Canadian dollars on such day less 0.25%.

"Package" means the Eligible Housing Loans sold to the Trust by a particular Seller on a Closing Date or by a Seller or Counterparty on a Subsequent Sale Date as specified in the Supplement to the Master Transfer Agreement relating to such Eligible Housing Loans; provided that such Eligible Housing Loans shall not include any Eligible MBS that has a remaining term to Maturity longer than the Bonds or Obligations issued with respect thereto, except in the case of Interim Obligations.

"Payment Date" means any Closing Date, Subsequent Sale Date, any Bond Payment Date or other date specified in the Operative Documents upon which a Person must make a payment to another Person.

"Payment Matrix" means the payment matrix created by the Administrator with consultation of the Financial Services Advisor and to the satisfaction of the Guarantor setting out the payment directions to be followed by the CPA in relation to each Package to be purchased by the Trust, the Hedge Agreements, the payments to Service Providers by the Trust under the Operative Documents and the payments with respect to Obligations issued by the Trust.

"Pending Event of Default" means an event which would constitute an Event of Default under the Commitment Agreement, except for satisfaction of any requirement for giving of notice, lapse of time, or both, or any other condition subsequent to such event.

"Permitted Costs and Expenses" means the aggregate costs and expenses of the Trust including the fees and expenses of the Service Providers and the Trustee, whether recurring or non recurring, all out of pocket costs and fees and expenses of any Person that are properly payable by the Trust pursuant to the Operative Documents, all interest payments payable by the Trust under any loan or credit facility available to the Trust, other than the face coupon interest payable under the Obligations but including the amount of any interest prepaid by way of issuance of any Obligation at a discount to face principal amount, all principal repayments payable by the Trust under any loan or credit facility available to the Trust, other than the Obligations, all Taxes payable by the Trust, all capital costs and expenditures payable by the Trust, the amount of \$10,000 per annum and all other costs and expenses of any kind not included in the foregoing, other than Transactions Costs or principal losses of the Trust under the Trust Permitted Investments.

"Permitted Debt" means the following Debt:

- (a) the Obligations;
- (b) debts, liabilities and obligations secured by Permitted Liens;

- (c) the Hedge Agreements; and
- (d) other debts, liabilities and obligations expressly permitted under the Operative Documents or consented to in writing by the Guarantor.

"Permitted Investments" means, with respect to any Person other than the Trust, an investment that is permitted to be held by such Person pursuant to the Operative Documents, and means, with respect to the Trust, an investment that is a Trust Permitted Investment applicable to the Trust as defined herein.

"Permitted Lien" means, with respect to the Trust Property, the Liens of the Security and the following Liens:

- (a) Liens for taxes, rates, assessments or other governmental charges or levies not yet due, or for which instalments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by the Trust;
- (b) undetermined or inchoate Liens, rights of distress and charges incidental to current operations which have not at such time been filed or exercised and of which the Guarantor has been given notice, or which relate to obligations not due or payable or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by the Trust;
- (c) the right reserved to or vested in any Governmental Authority by the terms of any lease, license, franchise, grant or permit acquired by the Trust or by any statutory provision to terminate any such lease, license, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;
- (d) the Lien created by a judgment of a court of competent jurisdiction, as long as the judgment is being contested diligently and in good faith by appropriate proceedings or is being satisfied by the Trust and has not caused an Event of Default;
- (e) the Lien created by the Bond Indenture; and
- (f) other Liens expressly agreed to in writing by the Guarantor.

The designation of a Lien as a Permitted Lien is not, and shall not be deemed to be, an acknowledgment by the Guarantor that the Lien shall have priority over the Security.

"Person" means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, bank, credit union, co-operative, caisse populaire, fiducie, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority, or entity however designated or constituted.

"PPSA" shall have the meaning defined in Section 1.2 of the Master General Security Agreement.

"Premium Restricted Investments" shall have the meaning defined in a Master Transfer Agreement.

"Premium Restricted Replacement Assets" shall have the meaning defined in a Master Transfer Agreement.

"Pre Closing Date" means, with respect to an issuance of Obligations by the Trust, the first date of a Guarantee Period on which all documents, instruments and notices required to be delivered to any Person in escrow under Section 2.4 of the Commitment Agreement have been delivered to such Person.

"Pricing Model" means the model consisting of one or more pricing calculators, in a form acceptable to the Guarantor, used for valuation or other determinations relating to Eligible MBS.

"Program Rights" means any intellectual property, trademark, patent, copyright, idea, design, concept, technique, discovery, invention, innovation, development, enhancement or improvement, whether or not patentable, including any interests in tangible media embodying any such property reasonably necessary or desirable for use by the Trust to allow it to carry out the Trust Activities from time to time.

"Protocol" means any written statement of policy relating to the CMB Program issued by the Trust with the approval of the Guarantor and circulated generally to participants in the CMB Program from time to time.

"Purchased Investments" shall have the meaning defined in Section 2.1 to the Master Transfer Agreement.

"Qualification Date" means the date set forth in the Guarantee Notice on which (i) all participating Sellers shall have complied with all requirements to permit Certification of a Package and (ii) there shall be selected a Counterparty and an approved Hedge Agreement for each such Package.

"Qualified Substitute Guarantor" means a guarantor who replaces the then current Guarantor for the Guarantee of all future Obligations of the Trust and who commits to make available a guarantee of Obligations of the Trust.

"Qualifying Liquid" means, with respect to:

- (a) investments of Principal (as defined in the applicable Hedge Agreement), i) having a term to maturity ending no later than the Termination Date (as defined in the applicable Hedge Agreement), or ii) for the purpose of investments of Principal in Eligible MBS or obligations of the Government of Canada only, having the benefit of a Qualifying Repo Agreement under which the investment may be resold on or before the earlier of 1) the Termination Date, and 2) the date which is one month following the date that the Trust acquired rights in such Qualifying Repo Agreement, subject to the Following Business Day Convention (as defined in the applicable Hedge Agreement); and

(b) investments of Interest (as defined in the applicable Hedge Agreement) received on the MBS Package (as defined in the applicable Hedge Agreement) and Trust Permitted Investments on a date which is not a Floating Amount Payment Date (as defined in the applicable Hedge Agreement), having a term to maturity ending no later than the next Fixed Amount Payment Date (as defined in the applicable Hedge Agreement).

"Qualifying Repo Agreement" means a securities repurchase agreement to which the Trust is a party as buyer, with a counterparty as seller approved by the Trust and acceptable to the Guarantor, providing for the purchase by the Trust of a) Eligible Collateral MBS issued by a Counterparty, Seller, or other party approved by the Trust and acceptable to the Guarantor, or b) direct obligations of the Government of Canada, or c) such additional or other securities as the Trust may determine with the approval of the Guarantor, in such form as shall be determined by the Trust with the approval of the Guarantor.

"Records" means all contracts, books, records and other documents and information including, without limitation, computer programs, tapes, disks, punch cards, data processing software and related property and rights.

"Reference Rate" shall have the meaning defined in Section 6.4 of the Master General Security Agreement.

"Regulations" means the regulations under the Act.

"Reinvestment Custodial Agreement" means a reinvestment custodial agreement, in such form as shall be determined by the Trust with the approval of the Guarantor.

"Reinvestment Custodian" means a Person that is a federally regulated bank or trust company, or such other type of entity as the Trust and Guarantor may approve, and a participant in good standing in CDS, appointed by the Trust and the Counterparty under a Reinvestment Custodial Agreement as reinvestment custodian to the Trust to hold and administer funds, cash balances, reinvestment securities and other assets and to carry out the custodial and depositary services required under such Reinvestment Custodial Agreement.

"Related Indemnitee" means, with respect to an Indemnitee, its respective Affiliates, and the agents, directors and officers of each thereof.

"Related Security" means, with respect to each Housing Loan:

(a) all security interests, liens, mortgages, charges, assignments and all properties subject thereto, from time to time purporting to secure payment of such Housing Loan;

(b) all of the mortgagee's rights, title and interest in, to and under all guarantees, indemnities, insurance policies (including fire and extended insurance policies, mortgage impairment insurance policies and mortgage loan insurance policies if applicable) and proceeds and premium refunds thereof and other agreements and arrangements of whatever character from time to time supporting or securing payment of such Housing Loan;

(c) all Records relating to the foregoing; and

(d) all proceeds of or relating to the foregoing.

"Repo Counterparty" means a Person approved by the Trust and acting as a selling counterparty to the Trust under any Qualifying Repo Agreement.

"Repurchase Agreement" means a Qualifying Repo Agreement.

"Resignation Request" means the instrument described in Section 7.1(d) of the Declaration of Trust.

"Responsible Officer" means, with respect to any event or circumstance involving any representation, warranty, consent, agreement or obligation, (i) when used with respect to any Person (other than a natural Person and other than the Trust, the CPA or the Custodian), the President, any Vice President, any Assistant Vice-President, the Treasurer, any Assistant Treasurer or any other officer of such Person who in the normal performance of his or her operational responsibility would have knowledge of such event or circumstance and the requirements with respect thereto, (ii) with respect to the Trust, any officer of the Administrator having responsibility for the administration of the Operative Documents to which it is a party, (iii) with respect to the Custodian, an officer of the Custodian employed in the department administering transactions similar to the transactions contemplated by the Operative Documents and who has Actual Knowledge of both the material facts pertinent to such representation, warranty, covenant, agreement or obligation and the significance thereof under the Operative Documents, and (iv) with respect to the CPA, an officer of the CPA employed in the department administering these types of transactions and who has actual knowledge of both the material facts pertinent to such representation, warranty, covenant, agreement or obligation and the significance thereof under the Operative Documents.

"Sale" means (i) an initial sale of a Package by a Seller to the Trust on a Closing Date or (ii) a subsequent sale from time to time of Trust Permitted Investments by a Seller to the Trust on a Subsequent Sale Date.

"Secured Obligations" means all debts, liabilities and obligations of the Trust to the Guarantor under or in connection with the Commitment Agreement and the other Operative Documents, including but not limited to all debts, liabilities and obligations in any currency, present or future, direct or indirect, absolute or contingent, choate or inchoate, matured or not, at any time owing by the Trust to the Guarantor or remaining unpaid by the Trust to the Guarantor under or in connection with the Commitment Agreement and the other Operative Documents, whether arising from dealings between the Guarantor and the Trust or from any other dealings or proceedings by which the Guarantor may be or become in any manner whatsoever, a creditor of the Trust under or in connection with the Commitment Agreement and the other Operative Documents, and wherever incurred, and whether incurred by the Trust alone or with another or others and whether as principal or surety, and all interest, commissions, legal and other costs (including legal fees as between a solicitor and his own client), charges and expenses relating thereto or under or in connection with any of the Operative Documents.

"Securities Authorities" means the Ontario Securities Commission and equivalent regulatory authorities in each province and territory of Canada, any equivalent regulatory

authority established by the federal Government of Canada, and any equivalent federal, state or local authorities of any other jurisdiction in which the Bonds are qualified for distribution to the public and any equivalent federal, state or local authorities of any other jurisdictions including the United States of America or the European Community, in which the Bonds are qualified for distribution to the public.

"Securities Legislation" means the *Securities Act* (Ontario) and other similar federal or provincial statutes applicable in Canada or any subsequent legislation that amends, supplements or supersedes such act or statutes or any other similar federal, provincial, state or local statutes of any other jurisdiction including the United States of America or the European Community, having jurisdiction over the distribution of Obligations of the Trust.

"Security" means the security documents including the Master General Security Agreement in favour of the Guarantor described in Section 3.1 of the Commitment Agreement.

"Seller" means a financial institution that is approved by the Trust to sell Eligible Housing Loans or Trust Permitted Investments to the Trust.

"Service Provider" means each Person who enters into a contractual relationship with and provides Services to the Trust from time to time including the Administrator, CPA, Financial Services Advisor, Custodian, each Underwriter, each Bond Indenture Trustee and each Transfer Agent.

"Services" shall have the meaning ascribed to such term in each Operative Document in which it is used and defined and if not defined in an Operative Document in which it is used, means the duties, obligations and services to be provided by a Seller, Administrator, Bond Indenture Trustee, CPA, Financial Services Advisor, Custodian or any other Person to the Trust pursuant to any Operative Document to which such Person is a party.

"Special Provisions" means those provisions described in each Operative Document in which it is used, which are not standard provisions under the CMHC CMB Program but that are negotiated by the parties to the respective Operative Document prior to execution thereof.

"Subsequent Sale Date" means such date after a Closing Date where a Counterparty on behalf of the Trust purchases Trust Permitted Investments for reinvestment purposes under a Hedge Agreement relating to the Package referred to in clause (a) of the definition of Sale.

"Supplement" means the supplement substantially in the form attached as Schedule A - Supplement to Master Transfer Agreement to the Master Transfer Agreement, or in such other form as the Trust may determine, with the approval of the Guarantor.

"Supplemental Bond Indenture" means a supplemental indenture relating to the issuance of Bonds or other matters in such form as is permitted under the applicable Bond Indenture.

"Tax" or "Taxes" means any and all governmental fees (including license, documentation and registration fees), taxes (including income, gross receipt, sales, rental, use, turnover,

value added, property (tangible and intangible), excise and stamp taxes), licenses, levies, imposts, duties, recording charges or fees, charges, assessments, reassessments or withholdings of any nature whatsoever, including Commodity Taxes, together with any and all assessments, penalties, fines, additions and interest thereon.

"Termination Date", for the purpose of the Declaration of Trust, means the earlier of:

(a) the date which is the twenty first anniversary of the date of the death of the last survivor of the issue of Her Majesty Queen Elizabeth II who is alive on the date hereof; and

(b) the date which is 91 days after the latest of the date on which (i) all of the Obligations have been paid in full as to principal and interest, or (ii) all Eligible Housing Loans owned by the Trust have been sold, transferred, satisfied or otherwise disposed of;

provided, however, that the Trustee may extend the latest date under clause (b) to a date (not later than the date specified in clause (a)) if it determines that so extending the date is reasonably necessary to allow the Trust to pursue, settle or answer any claims or remedies available to it in respect of Trust Activities arising prior to such date or otherwise wind up the affairs of the Trust in a prudent manner.

"Transaction Costs" means, without duplication, with respect to a Seller and the Sale of Purchased Investments to the Trust from that Seller, legal, accounting and general transaction expenses incurred by the Trust on the Closing Date or the Subsequent Sale Date, as the case may be, including any financing costs, underwriting fees, guarantee fees and other costs, disbursements, expenses and charges in connection therewith and, if there is more than one Seller selling Purchased Investments on the Closing Date or the Subsequent Sale Date, the Transaction Costs payable by a Seller shall be that Seller's pro rata share of all Transaction Costs incurred by the Trust on that date other than such expenses that relate directly to Purchased Investments purchased from another Seller on that date.

"Transfer Agent" means a Bond Indenture Trustee acting as registrar and transfer agent to the Trust with respect to issued Bonds, in accordance with the terms of a Bond Trust Indenture.

"Trust" means the Canada Housing Trust™ No. 1 established by the Declaration of Trust.

"Trust Activities" means the activities described in Section 2.1 of the Declaration of Trust.

"Trust Availment Proposal" means the proposal of the Trust for an Availment under the Commitment Agreement as set out in Section 2.4 of the Commitment Agreement, as such clause may be amended, replaced or superseded from time to time.

"Trust Permitted Investments" means:

- (a) for the purpose of the Declaration of Trust,
 - (i) investments in Eligible Housing Loans,

- (ii) investments in Asset-Backed Securities,
 - (iii) investments in obligations issued or fully guaranteed as to timely payment by the federal Government of Canada; provided that each such obligation has a stipulated rate of interest (or equivalent by way of issuance at a discount to face principal amount), a term to maturity that is not subject to extension by either the holder or the issuer and is non-redeemable and non-retractable; and provided that at no time may the value of all such investments, other than investments in obligations issued or guaranteed on the basis of housing loans, be more than 20% of the value of all of the investments of the Trust at that time, and
 - (iv) investments by way of entering into Repurchase Agreements; and
- (b) for the purpose of any Hedge Agreement, Qualifying Liquid investments in:

cash (in Canadian currency) in the maximum amount of ten (\$10,000) thousand dollars, or such other amount as may be determined by the Trust from time to time;

Eligible MBS;

Asset-Backed Securities, having such attributes as may be stipulated by the Trust from time to time, and

obligations of the Government of Canada (which, for greater certainty, shall not include obligations guaranteed but not issued by the Government of Canada or any agent of Her Majesty the Queen in Right of Canada), and provided that at no time may the value of all such investments, other than investments in obligations issued on the basis of housing loans, be more than 20% of the value of all of the investments of the Trust at that time,

purchased at a price no higher than their fair market value as determined by the Administrator, having a stipulated rate of interest (or equivalent by way of issuance at a discount to face principal amount) and a term to maturity that is not subject to extension by either the holder or the issuer, and that are non-redeemable and are non-retractable, and subject further to a maximum purchase price, in the case of all investments described above other than obligations of the Government of Canada under which no amount of principal amortizes or is required or permitted to be repaid prior to maturity (“Premium Restricted Investments”), of an amount that, at the time of purchase, when included in a calculation of the average acquisition cost of all Premium Restricted Investments then held on behalf of the Trust in all Portfolio Accounts maintained pursuant to all Transactions with the Counterparty (“Premium Restricted Replacement Assets”), results in an average acquisition cost of such Premium Restricted Replacement Assets of no greater than 101% of the average par value amount (as at the time of acquisition) of all such Premium Restricted Replacement Assets. As used in this definition, “par value amount” of an investment at any time means the outstanding principal amount thereof at such time, and

- (c) for the purpose of any other Operative Document, unless otherwise expressly provided in an Operative Document, investments that meet the criteria set forth in paragraph (a) or (b) of this definition and are permitted pursuant to the terms of any Master Transfer Agreement, any Hedge Agreement or any Qualifying Repo Agreement, as the case may be, and any other investments or restrictions on investment to which the Guarantor agrees in writing from time to time pursuant to a Protocol or otherwise.

"Trust Property" means the Initial Capital together with the Eligible Housing Loans owned by the Trust, Trust Permitted Investments owned by the Trust and all other cash, securities, property, assets, benefits or rights of any kind whatsoever arising from or in respect of the Initial Capital, such Eligible Housing Loans, such Trust Permitted Investments or the implementation of the transactions contemplated by the Operative Documents including, without limitation, the acquisition of Eligible Housing Loans and all indemnity or other payments of any kind but does not include Excluded Trustee Amounts or Excluded Trustee Rights.

"Trustee" means each Person who has signed the Declaration of Trust as a trustee, so long as such Person shall continue in office in accordance with the terms thereof, and such Person's authorized employees and agents, when the context requires some action or approval by the Trustee that can be accomplished by its authorized employees and agents, and all other Persons who may from time to time be duly appointed, qualified and serving as a Trustee in accordance with the provisions thereof, and references herein to Trustee shall refer to each such Person solely in its capacity as trustee thereunder and not in any other capacity.

"Underwriting Agreement" means an underwriting agreement in form and substance reasonably acceptable to the Guarantor.

"Underwriter" means each registered investment dealer or other Person engaged by the Trust to assist in underwriting an issue of Obligations.