



# CMHC MORTGAGE

# MARKET TRENDS

Canada Mortgage and Housing Corporation

First Quarter, 2000

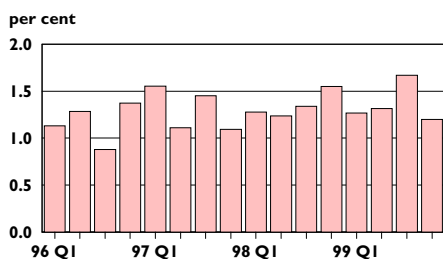
## MORTGAGE LENDING

### STRONG HOUSING MARKETS BOOST RESIDENTIAL MORTGAGE CREDIT

by Ali Manouchehri, Senior Economist - Capital Markets

*Residential mortgage credit grew by 1.2 per cent in the final quarter of 1999 to reach \$418 billion as housing markets marched ahead despite higher mortgage rates. Residential mortgage debt expanded by 5.6 per cent in 1999 thanks to stronger sales in both new and existing home markets.*

Residential mortgage credit growth\*



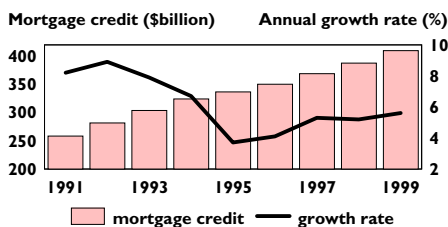
\* quarter-over-quarter estimates  
Sources: CMHC, Bank of Canada CMHC-MAC 2000

### MARKET SHARE OF RESIDENTIAL MORTGAGE CREDIT (%)

	4Q98	1Q99	2Q99	3Q99	4Q99e
Banks	64.8	65.2	65.5	65.7	65.9
Trusts	6.0	5.9	5.8	5.7	5.5
Caisses & Co-op	13.5	13.5	13.4	13.4	13.4
Life Ins. Co.	5.1	4.9	4.8	4.6	4.5
Pension Funds	2.0	2.0	2.0	1.9	1.9
Fin. & Loan	8.5	8.5	8.6	8.7	8.8

e: estimate  
Sources: Bank of Canada, CMHC CMHC-MAC 2000

### Residential mortgage credit rising slowly



Sources: CMHC, Bank of Canada CMHC-MAC 2000

A combination of robust economic growth and improving labour markets in 1999 boosted consumer confidence and laid the foundation for a rebound in housing markets and healthy growth in the mortgage market. Housing starts rose by 9.1 per cent while home sales through MLS<sup>1</sup> were up by 6.7 per cent last year. The strength in housing markets led to an increase of 1.2 per cent in mortgage credit outstanding in the closing quarter of 1999 over the previous quarter. This raised the residential mortgage debt by 5.6 per cent in 1999 in line with the historical experience of the 1990s.

role in funding mortgages. CMHC's introduction of National Housing Act Mortgage-Backed Securities (NHA MBS) in 1987 set the stage for the development of secondary mortgage markets in the country. The pace of expansion in the secondary market was substantially faster than in the primary market in 1999, where mortgage credit outstanding grew by 44.4 per cent between the final quarter of 1999 and the fourth quarter of 1998. By the last quarter, NHA MBS and Special Purpose Corporations represented 6.5 and 4.6

Continued on page 7

### Primary and secondary mortgage markets on a roll

Active residential real estate markets led to an increase of 1.8 per cent in credit outstanding in the primary mortgage market in the fourth quarter of 1999 compared to the same period in 1998. As the Canadian housing finance system has advanced, secondary mortgage markets have assumed an increasing

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HOME TO CANADIANS  
Canada

# HOME BUYERS' PLAN

## HOME BUYERS' PLAN ASSISTED MORE THAN 105,000 INDIVIDUALS IN 1999

by Ali Manouchehri, Senior Economist - Capital Markets

*The federal government's Home Buyers' Plan helped over 105,000 individuals to realize their homeownership dream last year by enabling them to withdraw more than one billion dollars in RRSP funds to purchase homes. Since its inception in 1992, some 880,000 individuals have participated in the program channeling \$8.6 billion to the housing market.*

### What is Home Buyers' Plan (HBP)?

The Home Buyers' Plan (HBP) was introduced by the federal government in 1992 to help individuals to purchase homes. It allows Canadians to withdraw up to \$20,000 tax-free from their RRSPs for this purpose. The amounts withdrawn remain tax-exempt if they are repaid within 15 years. The extent and utilization of HBP was limited to first-time home buyers when it was modified in March 1994.

Recent enhancements to the program that became effective in 1999 allow those who have owned a home previously to participate in the program again, provided that they have not owned a house in the previous five years and if they have fully repaid all funds previously withdrawn under the program. It also allows for wider accessibility of the program for disabled individuals or those caring for them.

### HBP assists homebuyers

The nearly 105,000 individuals who took advantage of HBP to become homeowners in 1999 withdrew more than one billion dollars from their RRSPs under the program.

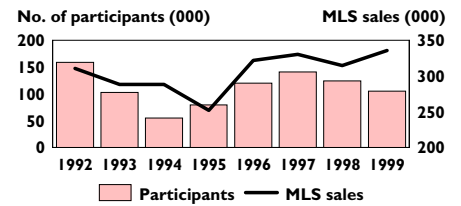
Since its inception in 1992, HBP has assisted some 880,000 individuals to become homeowners, channeling about \$8.6 billion into the housing market across the country.

The average withdrawal under HBP was about \$9,984 in 1999, in line with amounts withdrawn in the previous years.

### HBP contributes to the residential real estate market

The HBP continued to play a critical role in the residential real estate market, particularly for first-time buyers. The average withdrawal under HBP amounted to 6.3 per cent of the price of an average house across

Home Buyers' Plan and MLS sales



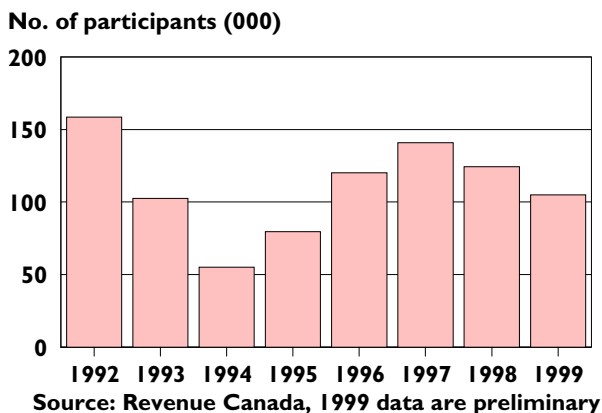
Sources: Revenue Canada, 1999 data are preliminary CMHC-MAC 2000

the country in 1999, ranging from a low of 4.7 per cent in British Columbia to a high of 10.6 per cent in Quebec.

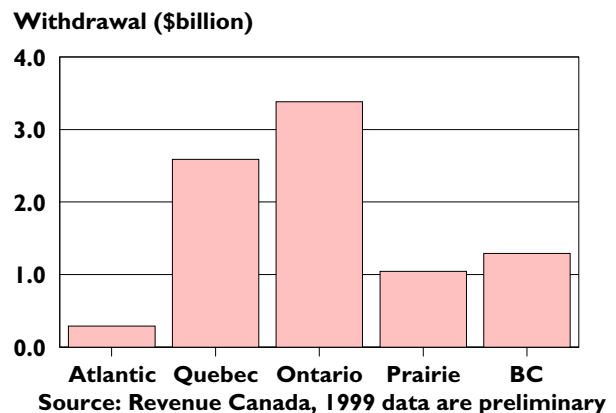
The ratio of HBP participants to MLS sales remained close to 30 per cent. This suggests that up to one out of three home buyers used RRSP funds to make the purchase. Withdrawals under HBP accounted for 2 per cent of the value of homes sold through MLS last year. In Quebec,

Continued on page 7

### Home Buyers' Plan has helped over 880,000 individuals to buy homes



### Since 1992 Home Buyers' Plan has channeled \$8.6 billion to housing markets



# LONG-TERM MORTGAGES

## 30-YEAR FIXED-RATE MORTGAGES: POPULAR IN U.S., DESIRABLE IN CANADA

by Jean Sabuhoro, Senior Economist and Ali Manouchehri, Senior Economist - Capital Markets

*Unique mortgage lending conventions, mortgage market structure, and economic fundamentals to a large extent explain why Canadians choose mortgages with shorter terms than U.S. residents, who favour 30-year fixed-rate mortgages. Further integration of the Canadian and U.S. financial markets is likely to narrow the difference in mortgage term selection between the two countries in the future.*

It is now possible, in both the United States and in Canada, to lock in interest rates and monthly mortgage payments for the life of a mortgage loan. A longer term gives the borrower the peace of mind that comes from knowing that the rate and payment will not change over the life of the loan. A fixed-rate loan protects the mortgagor against rising interest rates. The cost of this protection is in mortgage rates that are normally higher for longer term loans than for short-term ones. The long-term fixed rate mortgage loans can be attractive to those with a fixed monthly income and those who expect to live in their home for a long time.

### History of long-term mortgages in Canada

Until the 1960s, most residential mortgages in Canada were closed and for terms of between 25 and 40 years. In the 1970s and early 1980s, when

lenders became more vulnerable to rising inflation, they began to offer short-term mortgages. By the late 1980s, five-year terms became the norm and today the majority of first-time mortgagors still choose this term. However, by the late 1990s, major changes in financial and economic conditions paved the way for the re-introduction of longer term mortgages.

### Lower lock-in mortgage premium in Canada than in the U.S.

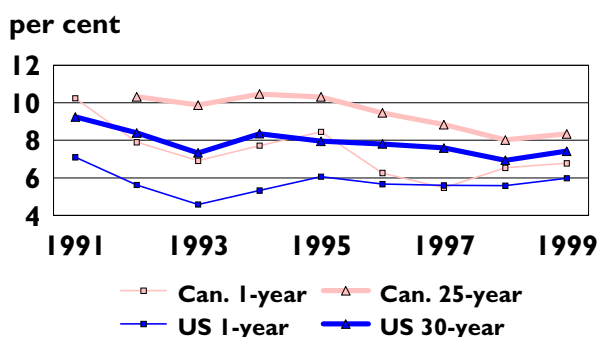
In general, the nominal interest rate on a debt security such as a mortgage consists of a risk-free rate (for example, the yield on government bonds) plus premiums reflecting expected inflation, risk of default and the liquidity of the security. Some borrowers dislike short-term debt because it exposes them to the risk of having to repay or refinance it under

adverse conditions. Accordingly, other things being equal, borrowers are willing to pay a high rate for longer term funds than for short-term funds.

By paying a higher rate for longer term mortgages, a borrower can lock in the mortgage rate and payments over the term of the mortgage and, in effect, obtain insurance against mortgage rate hikes. This lock-in premium, measured by the additional interest cost of borrowing funds over 30 years instead of for six months, have generally been lower in Canada than in the United States, though the opposite has occasionally been the case. The average and median premiums between 1982 and 1999, the period for which data is available, were 1.18 and 1.25 percentage points respectively in Canada versus 1.74 and 1.59 percentage points in the United States.

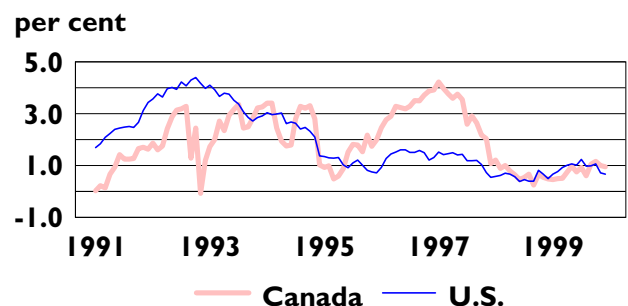
Continued on page 6

**Mortgage rates in Canada and U.S.**



Sources: CMHC, Bank of Canada, Regional Financial Associates (RFA) CMHC-MAC 2000

**Additional costs of borrowing for 30 years over 6 months**



Sources: CMHC, Bank of Canada, RFA CMHC-MAC 2000

# INDICATORS OF MORTGAGE LENDING ACTIVITY

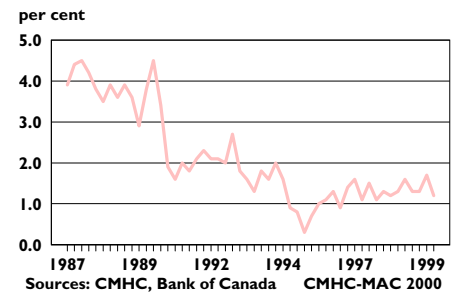
## MORTGAGE CREDIT OUTSTANDING (\$MILLIONS)\*

	1997	1998	1999	4Q98	1Q99	2Q99	3Q99	4Q99e
TOTAL	368,651	387,770	409,655	396,053	401,066	406,343	413,130	418,082
% change	5.3	5.2	5.6	1.6	1.3	1.3	1.7	1.2
Banks	222,057	248,026	268,646	256,840	261,399	266,018	271,491	275,676
Trusts	33,679	24,442	23,481	23,908	23,731	23,693	23,617	22,881
Caisses & Co-op	51,687	53,146	54,942	53,436	53,975	54,455	55,236	56,104
Life Ins. Co.	22,071	20,797	19,279	20,080	19,761	19,370	19,083	18,903
Pension Funds	7,997	8,015	7,880	8,006	7,966	7,948	7,857	7,748
Fin. & Loan	31,161	33,343	35,427	33,783	34,234	34,859	35,845	36,770

\*Seasonally adjusted data  
Sources: Bank of Canada, CMHC

e:estimate  
CMHC-MAC 2000

## Quarterly residential mortgage credit growth



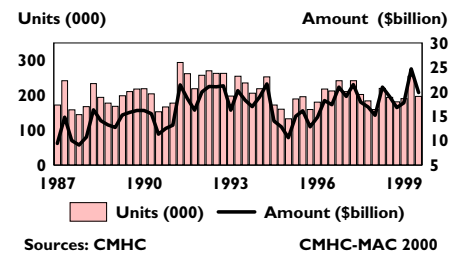
## NHA AND CONVENTIONAL LOANS APPROVED\*

		1997	1998	4Q98	1Q99	2Q99	3Q99
TOTAL	\$ millions	75,317	71,861	16,742	17,710	24,712	19,829
	Units	839,107	755,003	181,428	189,877	254,807	196,976
By Type of Lender							
Banks	\$ millions	57,245	55,162	12,807	13,560	19,579	15,573
	Units	602,149	549,170	132,683	138,733	195,315	147,485
Trusts	\$ millions	7,302	5,954	1,290	1,172	1,545	1,212
	Units	79,727	66,695	14,100	12,617	16,570	12,863
Life Ins. Co.	\$ millions	2,718	1,474	308	317	273	193
	Units	48,048	27,103	5,445	5,570	4,679	4,630
Others	\$ millions	8,053	9,271	2,338	2,661	3,314	2,851
	Units	109,183	112,035	29,200	32,957	38,243	31,998

(\*) Not seasonally adjusted  
Sources: Bank of Canada, CMHC

CMHC-MAC 2000

## NHA and conventional approvals



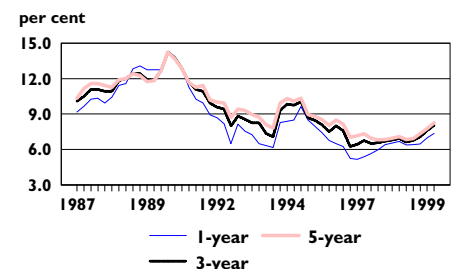
## MORTGAGE RATES (%)\*

	1997	1998	1999	4Q98	1Q99	2Q99	3Q99	4Q99
1-year	5.54	6.50	6.80	6.37	6.42	6.45	6.97	7.35
3-year	6.56	6.77	7.37	6.63	6.77	7.07	7.60	8.05
5-year	7.07	6.93	7.56	6.83	6.92	7.32	7.75	8.25

\* Average of period  
Sources: Bank of Canada, CMHC

CMHC-MAC 2000

## Mortgage rates



## NOTE

If there is a specific trend or development you would like to see analyzed in a future issue please let us know. Suggestions and requests for additional information may be sent to Ali Manouchehri, Senior Economist, Capital Markets, Market Analysis Centre, Canada Mortgage and Housing Corporation (CMHC), 700 Montreal Road, Ottawa, Ontario, K1A 0P7, Tel.: (613) 748-2506, Internet: amanouch@cmhc-schl.gc.ca.

For information regarding MBS please call Berta Zaccardi, General Manager, MBS Centre, CMHC, Toronto, Tel.: (416) 218-3416.

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# SECONDARY MORTGAGE MARKET TRENDS

## NHA MORTGAGE-BACKED SECURITIES

### A NEW RECORD NHA MBS VOLUME IN 1999

by Ali Manouchehri, Senior Economist - Capital Markets

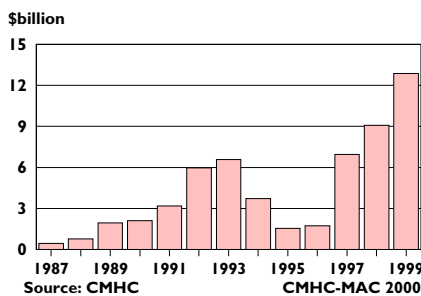
*NHA MBS set an all-time record in 1999, with \$12.8 billion in new issues, as the rising tide of residential mortgage securitization forged ahead.*

**R**ecord volumes of new NHA MBS were issued in 1999 in the third successive year of growth for the program. Over \$12.8 billion of new NHA MBS were issued last year, up by 42 per cent from 1998.

By reducing issue costs and improving the issuing process, CMHC's initiative to eliminate the requirement for issuers to provide duplicate registered mortgages was an important contributor to the phenomenal growth of NHA MBS in 1999.

Another positive development was the acceptance of NHA MBS as collateral by the Bank of Canada and the Canadian Payment System.

NHA MBS issues



A number of factors contributed to the growth of MBS in 1999: a flattening yield curve, which encouraged longer term mortgages; widening spreads between mortgage rates and comparable Government of Canada bonds; the shrinkage of the Government debt supply and the lenders' usage of alternative mortgage funding; and growing mortgage lending and the subsequent pressure on regulatory capital ratios.

Most of these factors will continue in 2000, fostering further utilization of NHA MBS and boding well for the program.

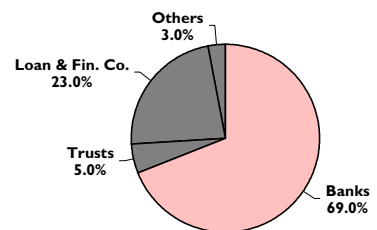
#### Single family indemnity pools drive volume growth

Single-family mortgage pool types led the way in 1999, with the issue of 88 new pools amounting to \$10.8 billion. The single-family indemnity pool 970 continued to remain particularly popular, accounting for nearly 74 per cent of the issued amount last year. While fewer multiple and mixed pools were issued in 1999 than in 1998, social housing pools rose one-and-a-half times.

#### Chartered banks led the issuers

Chartered banks accounted for 69 per cent of new NHA MBS issues in 1999, matching their share of the primary residential mortgage market. Trusts continued to lose momentum and accounted for only 5 per cent of new issues. Loan and finance companies accounted for nearly a quarter of new issues.

NHA MBS Issues market share - 1999



#### NHA MBS outstanding

Record issues helped raise

#### NHA MBS highlights - 1999

##### New issues:

- ✓ 165 pools for \$12.8 billion, up 42 percent from 1998
- ✓ 88 single family pools amounting to \$10.8 billion
- ✓ issues of social housing pools up by 17 per cent to \$1.2 billion

##### MBS-bond yield spreads:

- ✓ up about 10 basis points for 5-year term from 1998

##### Outstanding volume:

- ✓ some \$27.7 billion outstanding, up from \$19.1 billion in 1998

##### Other developments:

- ✓ CMHC announced the elimination of the requirement for issuers to provide duplicate registered mortgages (DRM) at the initial issuing stage. This was intended to reduce issue costs and improve the issuing process.
- ✓ Issuers can use NHA MBS as collateral with the Bank of Canada and the Canadian Payment System.

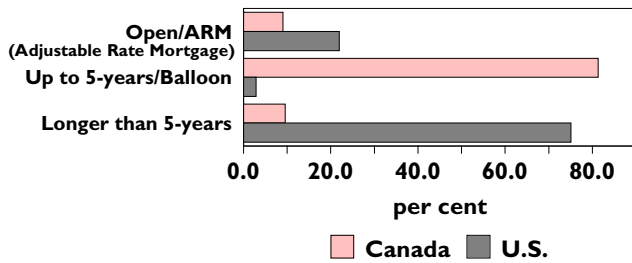
outstanding volume by \$8.6 billion from the previous year to reach \$27.7 billion by December 1999. By the end of 1999, NHA MBS accounted for 6.5 per cent of total residential mortgage credit outstanding in Canada, up from 4.7 per cent in 1998. This trend points to the rising significance of NHA MBS in the Canadian housing finance system.

#### Widening spreads

NHA MBS-Government of Canada bond yield spreads for all pool types widened by approximately 10 basis points in 1999 from the previous year in line with rising mortgage-bond yield spreads. ■



## Mortgage term selection

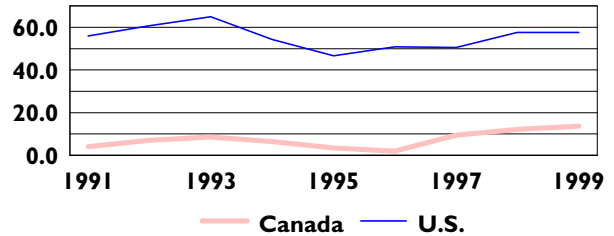


Sources: Mortgage Bankers Association of America, 1999, FIRM Survey, December 1999

CMHC-MAC 2000

## MBS plays a more prominent role in funding mortgages in U.S. compared to Canada

### MBS/Origination (per cent)



Sources: CMHC, Mortgage Bankers' Association of America 1999 data for U.S. is estimate

CMHC-MAC 2000

### Mortgage terms are shorter in Canada than in the U.S.

According to recent surveys, long-term fixed-rate mortgages remain popular in the United States, with nearly three out of every four borrowers opting for fixed-rate mortgages of 15 to 30 years. In contrast, nearly one third of current mortgage holders and three out of four first-time mortgagors in Canada select 5-year closed mortgages.

Why is there such a difference in mortgage-term selection between the two countries?

### Role of mortgage securitization in mortgage funding

Long-term mortgages are cheaper to securitize because securitization costs are spread over a long period. As a result, longer term mortgages are more suitable for U.S. lenders, who rely more heavily than Canadian lenders on securitization to fund mortgages. MBS accounted for over 55 per cent of mortgage initiation for single-family homes in the United States in the 1990s, compared to 7.5 per cent in Canada over the same period.

Although National Housing Act Mortgage-Backed Securities (NHA MBS) were introduced in 1987 to

facilitate securitization of residential mortgages and the growth of the secondary mortgage market, the move toward longer term mortgages has been gradual, in part because of the structure of the mortgage market in Canada and in part because MBS have a relatively short history in Canada. Recent trends suggest the greater availability of longer term mortgages as the secondary mortgage market continues to grow in Canada.

### Unscheduled pre-payment penalty

Because mortgagors in the United States normally face a small prepayment penalty, most borrowers opt for the security of longer term fixed-rate mortgages. Three out of four U.S. mortgage borrowers in 1999 selected fixed-rate mortgages for terms of at least 15 years.

In contrast, mortgagors in Canada face a penalty if they repay the mortgage above and beyond the limits set out in the mortgage contract. For instance, if the mortgage is paid in full earlier than called for according to the mortgage contract, the mortgagor is charged either three months' mortgage interest or interest differential associated with the change in the mortgage term, whichever is greater.

### Inflationary expectations

Canadian lenders experienced a more severe period of rising inflation in 1970s and early 1980s than did their U.S. counterparts. Lenders remained reluctant to offer long-term mortgages that could expose them to inflation risk until late 1980s.

However, since the mid-1990s, both the actual inflation rate and inflationary expectations have eased in Canada, providing lenders an opportunity to offer longer term mortgages.

Despite the fact that more and more Canadian lenders now offer fixed-rate mortgages of 7, 10, 15 and 25 years, such terms are still not as widely available in Canada as in the United States. As inflation remains subdued, longer term mortgages will likely become more common in Canada.

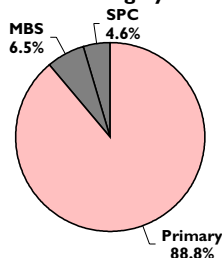
### Americans becoming keener for shorter term mortgages, while Canadians are warming up to longer term mortgages

The decade-long economic and associated income growth, along with a more diverse supply of mortgage products in the United States since 1990, has helped Americans become

Continued on page 7

per cent of the overall residential mortgage credit respectively, while the primary market accounted for the rest.

Over \$418 billion in mortgage credit outstanding by 1999



Sources: CMHC, Bank of Canada CMHC-MAC 2000

**Stable mortgage market structure**

Recent trends in market share by institution type continued, with chartered banks accounting for approximately 79 per cent of mortgage initiation and 66 per cent of the outstanding mortgage loans by late 1999. Credit unions retained their second place position, holding a market share of 13.4 per cent of residential mortgage loans.

**Mortgage credit will grow by 5.0 per cent in 2000**

Robust economic expansion and associated income growth will continue to fuel housing and mortgage markets in 2000. An improving employment outlook will boost demand for new homes and support price increases in both new and resale housing markets, resulting in a strong mortgage market. Mortgage credit is expected to grow by 5.0 per cent. ■

<sup>1</sup>Multiple Listing Service (MLS) is a registered certification mark owned by the Canadian Real Estate Association

as many as 65 per cent of those purchasing homes through the real estate board utilized the HBP, while only one in four did so in British Columbia and Alberta.

**Ontario and Quebec residents subscribe to HBP more heavily**

Participation in the program has varied from province to province and over time. Ontario home buyers accounted for over 41 per cent of both participants and amounts withdrawn in 1999. Quebec accounted for 31 per cent of participants and 36 per cent of the amounts withdrawn, followed by British Columbia and Alberta, accounting for 11 and 7 per cent of the funds withdrawn.

Average withdrawals ranged from a low of \$6,736 in New Brunswick to a high of \$11,425 in Quebec, reflecting diverse housing markets, the purchasing preferences of home buyers, and financial institutions in these provinces.

Participants typically withdrew from more than one RRSP to buy a home. The average number of withdrawals per participant has been hovering around 1.3 since the inception of the program.

PROVINCIAL PARTICIPATION IN HBP IN 1999

Province	No. of Participants	Average withdrawal (\$)
Newfoundland	716	7,565
Prince Edward Island	243	7,301
Nova Scotia	1,786	7,718
New Brunswick	1,166	6,736
Quebec	32,603	11,425
Ontario	43,244	9,808
Manitoba	2,284	6,957
Saskatchewan	1,786	6,965
Alberta	9,466	8,050
British Columbia	11,274	10,107
Northwest Territories	81	10,767
Yukon	81	9,713
National	104,730	9,984

Source: Revenue Canada, 1999 data is preliminary

CMHC - MAC 2000

Wider access to the program and a positive economic climate will continue to encourage many individuals to take advantage of HBP in 2000. ■

more comfortable dealing with the risks of short-term mortgages while enjoying the lower interest costs such mortgages offer.

At the same time, price stability, financial innovation, and mortgage market changes have provided Canadians with an increasing array of mortgage products, including longer term mortgages. The mortgage term selection differences between Canada and the United States are expected to narrow in the years ahead, but to continue in the near future because of entrenched mortgage lending conventions, mortgage market structure and mortgagors' attitudes towards risk. ■

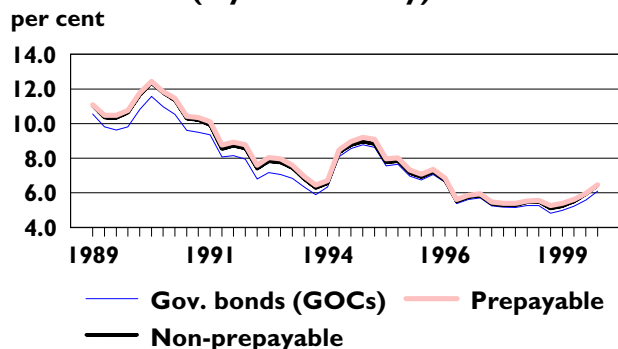
NHA MBS STATISTICS  
 NHA MORTGAGE-BACKED SECURITIES  
 (Average of period except when indicated)

		1998	1999	4Q98	1Q99	2Q99	3Q99	4Q99
<b>OUTSTANDING AMOUNT (End of period)</b>								
TOTAL	\$million	19,101	27,691	19,101	21,002	22,816	24,598	27,691
	Units	1,152	1,072	1,152	1,136	1,115	1,098	1,072
Residential, single (with PIP *)	\$million	1,962	2,208	1,962	2,205	2,310	2,278	2,208
	Units	434	323	434	408	372	353	323
Residential, single (no PIP)	\$million	1,398	1,169	1,398	1,339	1,252	1,199	1,169
	Units	213	201	213	216	215	207	201
Residential, single (no PIP with indemnity)	\$million	10,029	17,721	10,029	11,608	12,882	14,531	17,721
	Units	143	188	143	154	162	175	188
Residential, multiple	\$million	1,414	1,579	1,414	1,390	1,530	1,552	1,579
	Units	97	109	97	98	103	106	109
Social Housing	\$million	3,425	3,693	3,425	3,445	3,699	3,777	3,693
	Units	190	150	190	178	173	161	150
Mixed	\$million	872	1,321	872	1,015	1,142	1,260	1,321
	Units	75	101	75	82	90	96	101
<b>ISSUES (Total of period)</b>								
TOTAL	\$million	9,076	12,854	1,695	2,879	3,071	2,760	4,144
	Units	212	165	39	40	46	40	39
Residential, single (with PIP)	\$million	386	1,172	93	566	438	105	63
	Units	32	24	6	7	5	7	5
Residential, single (no PIP)	\$million	313	142	97	35	39	40	28
	Units	27	19	6	4	6	4	5
Residential, single (no PIP with indemnity)	\$million	6,664	9,473	1,223	1,909	1,728	2,149	3,687
	Units	83	45	10	11	8	13	13
Residential, multiple	\$million	158	385	83	32	184	84	86
	Units	18	22	9	3	8	4	7
Social Housing	\$million	1,015	1,188	137	182	544	256	207
	Units	23	24	4	6	9	5	4
Mixed	\$million	539	493	62	154	138	127	74
	Units	29	31	4	9	10	7	5
<b>YIELDS (5-year maturity,%)</b>								
MBS Prepayable (with PIP)		5.43	5.86	5.26	5.40	5.61	5.97	6.47
MBS Prepayable (no PIP)		5.49	5.92	5.32	5.46	5.66	6.03	6.52
MBS Non-prepayable		5.34	5.76	5.10	5.23	5.50	5.91	6.42
MBS MMUF		5.39	5.81	5.16	5.29	5.55	5.94	6.47
Mortgage rates		6.93	7.56	6.83	6.92	7.32	7.75	8.25
GOCs		5.13	5.47	4.83	4.98	5.22	5.57	6.10
<b>SPREADS OVER GOC (5-year maturity,%)</b>								
Prepayable (with PIP)		0.30	0.40	0.43	0.43	0.38	0.40	0.37
Prepayable (no PIP)		0.35	0.45	0.49	0.48	0.44	0.46	0.43
Non-prepayable		0.21	0.30	0.28	0.26	0.27	0.34	0.33
MMUF		0.26	0.35	0.33	0.31	0.33	0.37	0.37
Mortgage rates		1.80	2.09	2.01	1.94	2.09	2.18	2.15

\* PIP stands for Penalty Interest Payments. Not seasonally adjusted.  
 Sources: CMHC, Bank of Canada

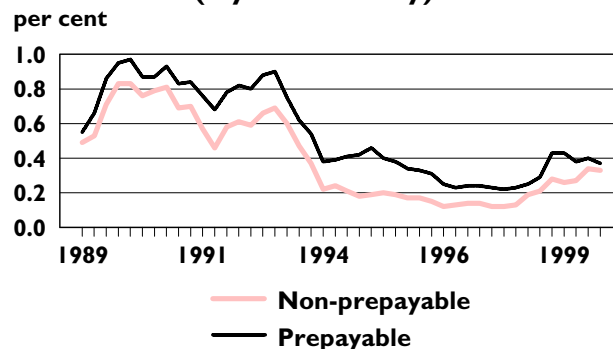
CMHC - MAC 2000

**Selected interest rates  
(5-year maturity)**



Sources: CMHC, Bank of Canada, Nesbitt Burns  
 CMHC-MAC 2000

**Spreads over GOCs  
(5-year maturity)**



Sources: CMHC, Bank of Canada, Nesbitt Burns  
 CMHC-MAC 2000



**NHA MORTGAGE-BACKED SECURITIES**  
**OCTOBER TO DECEMBER 1999 ISSUES**

POOL NO.	ISSUER	VALUE (\$)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	AMORTIZATION (YRS)
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**MONTH OF ISSUE: OCTOBER 1999**

**NHA-Insured Market Residential Pools (Single Units)**

96-413-448	M.R.S. Trust Company	9,996,978.75	6.000	2004-10-01	6.93	23.36
96-413-455	Pafco Insurance Company	5,022,870.39	6.150	2004-10-01	7.64	23.44
96-413-463	M.R.S. Trust Company	8,627,921.29	5.750	2009-10-01	6.81	22.52
96-413-471	Vancouver City Savings CU	28,248,145.57	5.200	2004-10-15	6.23	21.94
96-413-489	Vancouver City Savings CU	10,642,902.03	5.100	2004-02-01	6.27	20.26

**NHA-Insured Market Residential Pools (Mixed)**

96-501-259	CIBC Mtgs Inc./Firstline Mtgs.	13,104,888.66	5.950	2009-10-01	6.63	24.35
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**NHA-Insured Market Residential Pools (Multiple Units)**

96-601-323	Pafco Insurance Company	6,349,177.96	6.125	2009-10-01	6.76	24.41
96-601-331	Peoples Trust Company	23,915,358.83	5.700	2004-10-04	6.68	24.17
96-601-349	Peoples Trust Company	14,801,822.48	6.000	2009-10-01	6.81	24.95

**NHA-Insured Market Residential Pools (No PIP)**

96-702-618	HSBC Bank Canada	3,874,150.67	5.250	2002-10-01	6.71	23.17
96-702-626	HSBC Bank Canada	9,258,714.55	5.250	2004-09-01	6.79	21.95

**NHA-Insured Market Residential Pools (No PIP with indemnity)**

97-001-762	Royal Bank of Canada	820,964,704.57	5.000	2003-05-01	6.16	20.18
97-001-770	Royal Bank of Canada	1,364,969,026.13	5.000	2003-10-01	6.22	20.68
97-001-846	MFQ-Vie Corporation d'Assuranc	18,014,810.68	5.100	2004-07-01	6.02	22.05
97-001-853	National Bank of Canada	391,774,618.24	5.000	2004-08-01	6.31	21.76
97-001-861	National Bank of Canada	235,621,256.81	5.000	2004-02-01	6.39	20.39
97-001-879	National Bank of Canada	129,381,425.18	5.000	2004-08-01	6.41	12.29
97-001-887	National Bank of Canada	85,388,195.00	5.000	2004-02-01	6.47	12.60

**MONTH OF ISSUE: NOVEMBER 1999**

**NHA-Insured Market Residential Pools (Mixed)**

96-501-267	M.R.S. Trust Company	5,685,299.00	6.350	2004-11-01	6.87	25.00
96-501-275	Equitable Trust Company (The)	8,820,769.94	6.250	2009-10-01	7.08	24.87
96-501-283	CIBC Mtgs Inc./Firstline Mtgs.	36,642,250.04	5.800	2009-11-01	6.41	25.42

**NHA-Insured Market Residential Pools (No PIP)**

96-702-634	HSBC Bank Canada	7,870,809.71	5.250	2004-10-01	6.72	21.57
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**NHA-Insured Market Residential Pools (No PIP with indemnity)**

97-001-895	National Bank of Canada	143,913,464.34	5.150	2003-08-01	6.48	12.04
97-001-903	National Bank of Canada	354,384,646.27	5.150	2003-08-01	6.37	19.73
97-001-911	National Bank of Canada	116,082,485.13	5.150	2003-03-01	6.33	19.50
97-001-929	M.R.S. Trust Company	15,503,115.86	5.550	2004-11-01	6.81	23.24

**Social Housing Pools**

99-008-112	Toronto-Dominion Bank	16,108,740.00	5.625	2004-11-01	6.60	34.48
99-008-120	Bank of Nova Scotia	5,096,187.47	6.000	2004-11-01	6.76	25.53

## NHA MORTGAGE-BACKED SECURITIES

OCTOBER TO DECEMBER 1999 ISSUES

POOL NO.	ISSUER	VALUE (\$)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	AMORTIZATION (YRS)
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### MONTH OF ISSUE: DECEMBER 1999

#### NHA-Insured Market Residential Pools (Mixed)

96-501-291	Equitable Trust Company (The)	9,272,183.80	6.350	2004-12-01	7.09	22.82
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#### NHA-Insured Market Residential Pools (Multiple Units)

96-601-356	Toronto-Dominion Bank	20,281,250.00	6.125	2009-12-01	6.99	30.00
96-601-364	M.R.S. Trust Company	3,618,641.00	6.400	2009-12-01	7.24	25.00
96-601-372	Peoples Trust Company	12,397,969.28	6.250	2004-12-01	7.42	19.75
96-601-380	Peoples Trust Company	4,822,566.63	6.200	2009-12-01	7.29	26.56

#### NHA-Insured Market Residential Pools (No PIP)

96-702-642	HSBC Bank Canada	4,060,000.98	5.250	2004-11-01	6.97	21.88
96-702-659	HSBC Bank Canada	3,105,557.82	5.750	2002-12-01	6.96	21.44

#### NHA-Insured Market Residential Pools (No PIP with indemnity)

97-001-937	M.R.S. Trust Company	8,990,213.33	6.100	2004-12-01	7.13	23.03
97-001-945	M.R.S. Trust Company	2,461,126.18	6.400	2009-12-01	7.49	22.67

#### Social Housing Pools

99-008-138	Toronto-Dominion Bank	55,741,129.01	6.000	2009-12-15	6.51	27.29
99-008-146	Toronto-Dominion Bank	129,582,959.18	6.125	2024-12-01	6.75	29.29

\*PIP stands for Penalty Interest Payments

Source: CMHC

CMHC - MAC 2000

### DEFINITION OF NHA MBS POOL TYPES

964 - Comprised exclusively of Homeowner Mortgages, any Penalty Interest Payments (PIP) from early prepayment are passed through to the investor

967 - Comprised exclusively of Homeowner Mortgages, all Penalty Interest Payments (PIP) from early prepayment are retained by the issuer

970 - Comprised exclusively of Homeowner Mortgages, Investors are paid an indemnity in the event of any prepayments made outside the core prepayments provisions

966 - Comprised exclusively multi-family rental mortgages, pools mortgages are closed to prepayment options

990 - Comprised exclusively Social Housing Mortgages, pools and mortgages are closed to prepayment options

965 - Mixed Pools, these pools can be comprised of any of the above types of mortgages