



# CMHC MORTGAGE

## MARKET TRENDS

Canada Mortgage and Housing Corporation

Third Quarter, 2004

### MORTGAGE LENDING

## VIBRANT HOUSING MARKETS BOOST RESIDENTIAL MORTGAGE CREDIT

by Ali Manouchehri, Senior Economist - Capital Markets

*Residential mortgage credit grew by 9.2 per cent in the second quarter of 2004 compared to the same period in 2003, surpassing the \$555 billion mark as housing markets remained healthy and mortgage rates low. Mortgage credit is forecast to grow by 8.0-10.0 per cent this year and 6.0-8.0 per cent in 2005.*

**C**ontinued economic growth and low mortgage rates laid the foundation for strong housing markets and healthy growth in the mortgage market in the first half of 2004.

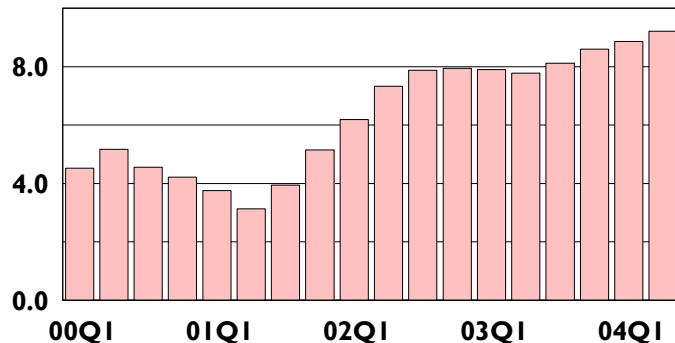
### A vibrant new home market

The market for new homes enjoyed solid growth in the first half of 2004. The New House Price Index rose more than 6.0 per cent in the first six months of the year and actual housing starts were up nearly 10.0 per cent over the same period.

Continued on page 2

### Residential mortgage credit growth\*

per cent



\* quarter-over-4 quarter earlier, estimate

Sources: CMHC, Bank of Canada, Statistics Canada

CMHC-MAC 2004

### In this Issue:

Mortgage lending ----- 1

NHA MBS ----- 4

Home Buyers' Plan ---- 6



HOME TO CANADIANS  
Canada

### A stellar performance in the market for existing homes

The market for existing homes remained quite strong in the first half of 2004. The value of home sales through the MLS<sup>1</sup> increased by about 26.0 per cent in the first six months of 2004 over the comparable period in 2003, while the average house price sold through MLS rose by nearly 11.0 per cent over the same period.

### Solid mortgage credit growth

The strength in housing markets led to an increase of 2.0 per cent in mortgage credit outstanding in the second quarter of 2004 over the previous quarter. As a result, residential mortgage credit grew by 9.2 per cent by the second quarter of 2004 relative to the same period in 2003. This was the fastest quarterly mortgage credit growth rate since 1990. Nevertheless, mortgage debt now accounts for less than 69.0 per cent of household debt, much smaller than its 74.0 per cent share a decade earlier.

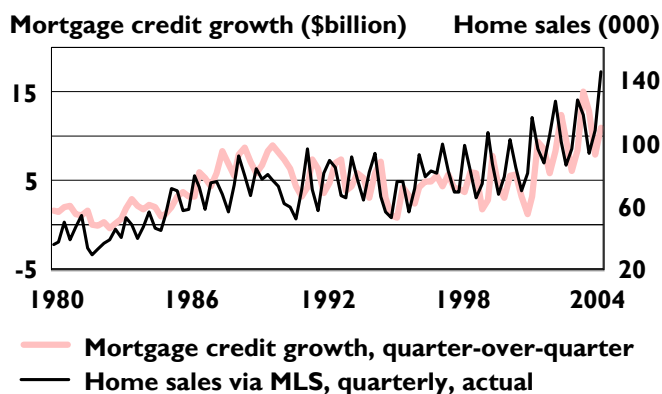
### Stable mortgage market structure

Recent trends in market share by institution type continued, with chartered banks accounting for 72.6 per cent of the mortgage loans outstanding as of the second quarter of 2004. Credit unions retained their second place position, accounting for 15.7 per cent of residential mortgage loans outstanding.

### Mortgage credit will continue to grow in 2004-05

A combination of continued economic growth and job creation, low mortgage rates, and slightly rising population in the 25-44 year age group, which forms the main home buying group, will sustain demand for home ownership in both new and resale housing markets in 2004-05.

### Solid home sales bode well for mortgage credit growth



Sources: CMHC, Statistics Canada, Bank of Canada, CREA  
CMHC-MAC 2004

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

	2Q03	3Q03	4Q03	1Q04	2Q04e
<b>Banks</b>	72.7	72.8	72.8	72.7	72.6
<b>Trusts</b>	1.3	1.3	1.3	1.4	1.4
<b>Caisse &amp; Cr. Unions</b>	15.0	15.1	15.3	15.5	15.7
<b>Life Ins. Co.</b>	3.5	3.4	3.3	3.3	3.3
<b>Pension Funds</b>	2.1	2.0	2.0	1.9	1.9
<b>Others **</b>	5.4	5.3	5.2	5.2	5.2

\* Excludes Special Purpose Vehicles and NHA MBS

\*\* Includes non-depository credit intermediaries

e: estimate

Sources: CMHC, Bank of Canada, Statistics Canada CMHC-MAC 2004

As a result, mortgage credit outstanding is expected to grow by 8.0 to 10.0 per cent this year to average \$564 billion and a further 6.0-8.0 per cent in 2005 to average \$604 billion. ■

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

## INDICATORS OF MORTGAGE LENDING ACTIVITY

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

	2001	2002	2003	2Q03	3Q03	4Q03	1Q04	2Q04e
<b>TOTAL</b>	446,075	478,850	517,675	509,034	524,123	536,989	544,901	555,913
% change (period-over-previous period)	4.0	7.3	8.1	1.7	3.0	2.5	1.5	2.0
<b>Banks</b>	279,329	306,748	329,679	325,041	334,319	339,724	341,085	345,915
<b>Trusts</b>	5,204	5,505	5,989	5,970	6,128	6,273	6,415	6,577
<b>Caisse &amp; Cr. Unions</b>	57,940	62,786	68,434	67,156	69,468	71,414	72,678	74,556
<b>Life Ins. Co.</b>	17,254	16,755	15,797	15,824	15,626	15,515	15,610	15,620
<b>Pension Funds</b>	9,257	9,037	9,139	9,213	9,207	9,133	9,032	9,011
<b>Others **</b>	24,439	23,700	24,226	24,162	24,267	24,422	24,563	24,667
<b>Special Purpose Vehicles</b>	18,097	15,002	14,560	14,813	14,100	13,811	13,632	13,458
<b>NHA MBS ***</b>	34,556	39,318	49,850	46,855	51,007	56,696	61,887	66,110

\* Average for the period, unadjusted

e: estimate

\*\* Includes non-depository credit intermediaries

\*\*\* CMHC

Sources: CMHC, Bank of Canada, Statistics Canada

CMHC-MAC 2004

### MORTGAGE RATES (%)\*

	2001	2002	2003	2Q03	3Q03	4Q03	1Q04	2Q04
<b>1-year</b>	6.14	5.17	4.84	5.08	4.55	4.68	4.30	4.57
<b>3-year</b>	6.88	6.28	5.82	5.68	5.65	5.87	5.23	5.82
<b>5-year</b>	7.40	7.02	6.39	6.20	6.28	6.45	5.85	6.45

\* Average of period

Sources: CMHC, Bank of Canada, Statistics Canada

CMHC-MAC 2004

### NHA AND CONVENTIONAL MORTGAGE LOANS APPROVED\*

		2001	2002	2003	2Q03	3Q03	4Q03	1Q04	2Q04
<b>TOTAL</b>	\$ millions	95,181	120,313	138,015	37,580	39,449	32,826	36,271	50,327
	Units	923,274	1,054,443	1,109,856	306,904	313,792	257,746	279,923	384,366
<b>By Type of Lender</b>									
<b>Banks</b>	\$ millions	77,587	97,527	114,254	31,382	32,923	26,708	29,159	41,584
	Units	713,862	825,115	878,368	246,499	248,784	200,082	213,097	302,535
<b>Trusts</b>	\$ millions	4,091	3,840	4,187	1,017	1,243	1,190	1,210	1,482
	Units	42,506	36,346	37,991	9,164	11,782	9,775	10,197	11,420
<b>Life Ins. &amp; Others</b>	\$ millions	13,503	18,946	19,574	5,181	5,283	4,928	5,902	7,261
	Units	166,906	192,982	193,497	51,241	53,226	47,889	56,629	70,411

\* Mortgage approval data are gross and may not fully capture lending activities of credit unions, caisses populaires, other smaller institutions and privately-insured loans in some areas.

Source: CMHC NHA loan approval system and Conventional Lending Survey

CMHC-MAC 2004

## CANADA MORTGAGE BONDS (CMB) CONTINUE RECORD BREAKING PERFORMANCE

by Richard Liu, Business Analyst, Securitization Operations and Monitoring

*NHA MBS and CMB programs continued to perform well with \$8.7 billion of CMB and \$7.3 billion of NHA MBS securities issued to the market in the first half of 2004 surpassing the records set in the same time period last year.*

In June 2004, Canada Mortgage Bonds (CMB) series 8 was successfully issued, with the offering amount of \$4.25 billion. A total of \$43.85 billion of CMB have been issued since the inception of the CMB program in June 2001. Under the CMB program, a special purpose trust called the Canada Housing Trust (CHT) was established in 2001 to purchase newly issued NHA MBS pools and issue CMBs backed by the CMHC guarantee. The monthly NHA MBS cash flows are transformed through swap agreements into a non-prepayable, non-amortizing bond cash flow. Both NHA MBS and CMB programs offer attractive investment opportunities and help ensure Canadians have access to affordable mortgage financing.

### Record issuances

NHA MBS and CMB programs continued to perform well into the first half of 2004 after a record year in 2003. A total of \$16 billion (\$8.7 billion of CMB and \$7.3 billion of NHA MBS) of securities were issued to the market in the first half of 2004 surpassing the records set in the same time period last year, indicating that both programs are on track for another record breaking year.

Low mortgage rates and the strong housing markets have been providing strong supply of underlying mortgages for mortgage lenders who in turn need to fund their lending activities by securitizing these mortgage assets.

NHA MBS and CMB provide a competitive source of funding for mortgage lenders and help lower mortgage financing costs.

### NHA MBS highlights - First half of 2004

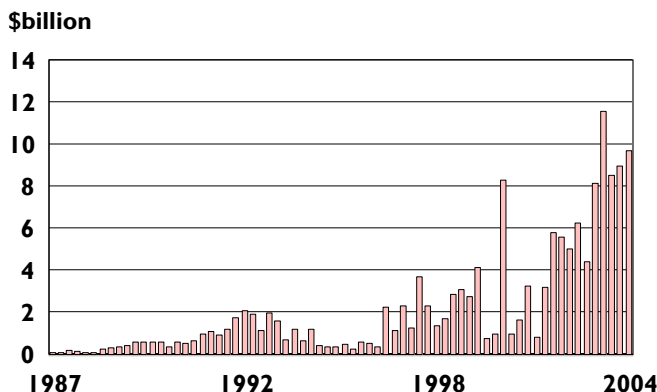
#### New issues:

- ✓ 248 pools for \$18.6 billion
- ✓ 210 single family pools totalling \$15.9 billion
- ✓ 21 MBS pools with multiple loans (multiple and mixed pool types) for \$454 million
- ✓ 3 social housing pools for \$67 million

#### Outstanding volume:

- ✓ \$69.1 billion outstanding, up from \$49.3 billion the same time last year

### Quarterly NHA MBS issues



Source: CMHC

CMHC-MAC 2004

### Single-family indemnity pools continue to lead issuance

The single-family mortgage pool types led the way through the first half of 2004, with 210 new pools accounting for over 85.0 per cent in issuance. The single-family indemnity pool 975 remains the most popular, accounting for 62.4 per cent of all MBS issued in the period.

Continued on page 5

**Medium-term issues remain most common**

Over 88.6 per cent of the dollar amount of MBS issued in first half of 2004 was for 4-5 year terms. Longer term issues accounted for 1.4 per cent, while shorter terms accounted for approximately 10.0 per cent of issuance. The five year term structure remains popular for issuers because of the attractive funding levels that can be achieved around this term.

**Chartered banks and trust Companies lead issuers**

In the first half of 2004 chartered banks accounted for 88.3 per cent of the dollar amount of new NHA MBS issues, followed by trust companies at 9.7 per cent.

**NHA MBS outstanding**

Total MBS outstanding reached \$69.1 billion by June 30, 2004. NHA MBS accounted for 12.3 per cent of the total residential credit outstanding in Canada as of June 2004 up from 9.6 per cent in June 2003.

**MBS spreads**

NHA MBS Government of Canada bond yield spreads are approximately 35-45 basis points for prepayable pools with terms between 3 and 5 years. The spreads for non prepayable pools with terms of 3 to 5 years are approximately 25-30 basis points. ■

**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 Ian Witherspoon, Manager, Business Development, Securitization Centre, CMHC, Toronto, Tel.: (416) 218-3334.

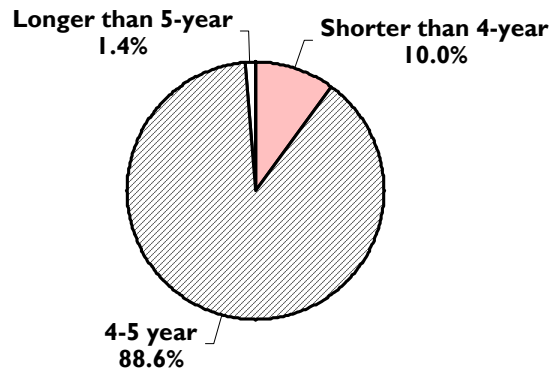
Mortgage Market Trends is a quarterly publication. To order, in Canada call 1-800-668-2642; outside Canada, call 1-613-748-2003.

To receive your subscription over the Internet, visit <http://www.cmhc-schl.gc.ca/MktInfo/Store> \$25.00 per issue. Annual subscription (4 issues) \$85 + GST – Order No. MMTSE.

Cette publication est aussi disponible en français sous le titre SCHL – Tendances du marché hypothécaire – No de commande : MMTSE.

© 2004, Canada Mortgage and Housing Corporation, ISSN 1188-4215 Printed in Canada  
Product # 61496 - 2004-Q03

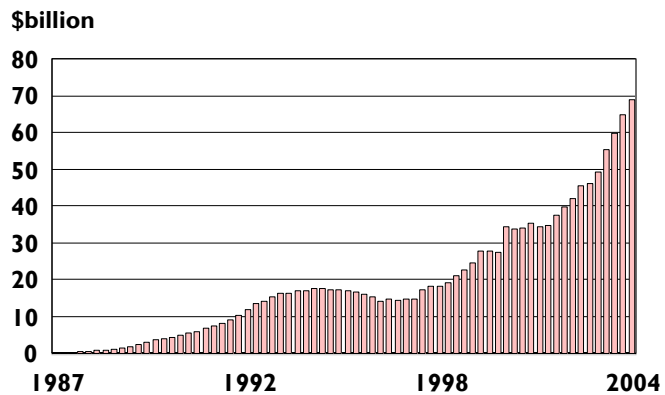
**Dollar amount of NHA MBS issued by term, first half of 2004**



Source: CMHC

CMHC-MAC 2004

**NHA MBS outstanding, end of quarter**



Source: CMHC

CMHC-MAC 2004

## OVER 123,000 INDIVIDUALS TOOK ADVANTAGE OF THE HOME BUYERS' PLAN TO PURCHASE HOMES IN 2002

by Ali Manouchehri, Senior Economist - Capital Markets

*According to the most recent data available, the federal government's Home Buyers' Plan helped more than 123,000 individuals to realize their homeownership dream in 2002 by enabling them to withdraw over \$1.3 billion in RRSP funds to purchase homes. Since its inception in 1992, some 1.3 million individuals have participated in the program channeling \$13.2 billion from their RRSPs to the housing market.*

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

The Home Buyers' Plan (HBP) was introduced by the federal government in 1992 to help individuals purchase homes. It allows Canadians, who meet certain eligibility conditions, to withdraw up to \$20,000 tax-free from their Registered Retirement Saving Plans (RRSPs) for this purpose. The amounts withdrawn remain tax-exempt if they are repaid within 15 years.

### HBP contributes to individual wealth and consumption

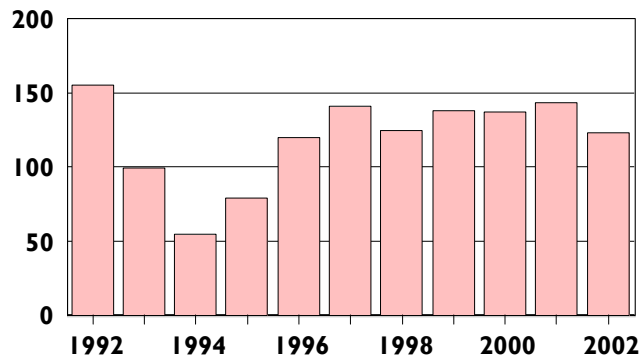
The HBP provides participants with a net financial gain by allowing them to make a tax-free withdrawal of an amount that gave them a tax credit when it was contributed. The extent of financial gain for a HBP participant depends on factors such as interest rate, tax rate, inflation rate, the initial withdrawal amount, whether or not the participant borrows to contribute to the RRSP, and whether she/he makes the repayments as planned.

A study released in 2003 suggests, a participant who has a marginal tax rate of 40 per cent and makes the maximum withdrawal of \$20,000 can benefit from a wealth gain with a present value of at least \$8,000.<sup>1</sup>

HBP participants can use the gain in their wealth to increase their consumption of housing and other goods immediately and over time.

### Home Buyers' Plan has helped over 1.3 million individuals buy homes

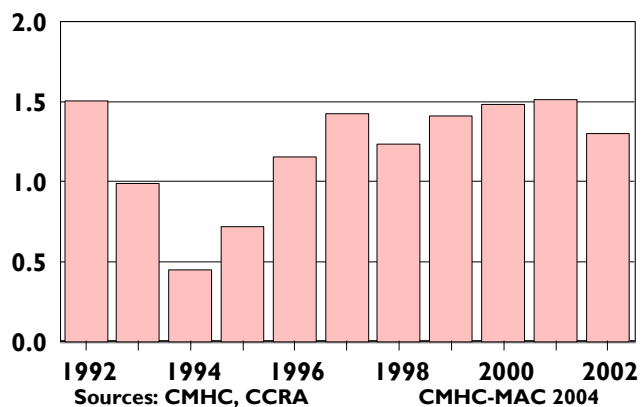
No. of participants in HBP (000)



Sources: CMHC, CCRA\* CMHC-MAC 2004  
\* CCRA stands for Canada Customs and Revenue Agency

### Home Buyers' Plan has channeled over \$13 billion to housing markets since 1992

\$billion



Sources: CMHC, CCRA CMHC-MAC 2004

Continued on page 7

**HBP contributes to the residential real estate markets**

According to the latest data available, there were 123,110 participants in HBP in 2002. To put this in perspective, the total number of participants in HBP in 2002 was roughly 30 per cent of the pace of existing home sales for the year, which emphasizes the supporting role this program plays in the housing markets.

The ratio of HBP participants to MLS units sold ranged from a low of 16.8 per cent in British Columbia to a high of 57.8 percent in Quebec.

The average withdrawal of \$10,568 under HBP in 2002 amounted to 5.6 per cent of the price of an average house sold via the MLS, ranging from a low of 4.5 per cent in British Columbia to a high of 8.7 per cent in Quebec.

**HBP offers a significant avenue to first-time homebuyers**

A recent survey shows HBP was used by 48.0 per cent of first-time buyers who have purchased a home since 2000.<sup>2</sup> The survey shows that HBP was the primary source of downpayment for about 35.0 per cent of first-time buyers.

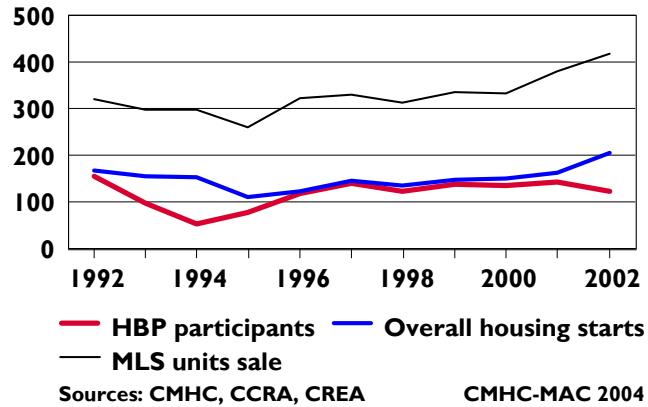
**HBP take-up is heavily concentrated in urban centres**

Toronto accounted for 25.0 per cent of funds withdrawn and 22.8 per cent of HBP participants across the nation in 2002, much higher than its share of population (about 16.0 per cent). Montreal came in second with 19.4 per cent of the funds withdrawn and 17.0 per cent of participants, with its population base of about 11.3 per cent of the Canadian population.

Vancouver was a distant third with 7.2 per cent of the funds withdrawn and 7.7 per cent of participants.

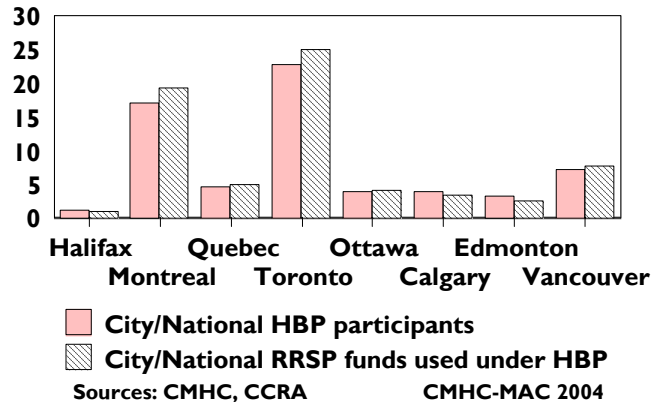
**HBP participants compared to housing starts and MLS sales**

No. of housing starts, home sales, & HBP participants (000)



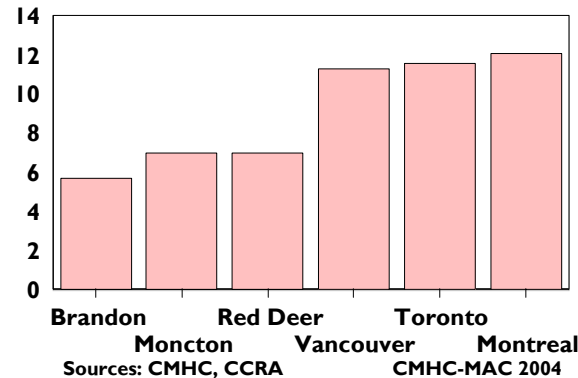
**Toronto and Montreal accounted for the lion's share of HBP take-up in 2002**

City participation in HBP (%)



**Montreal had the highest average withdrawal under HBP in 2002 and Brandon the lowest**

Average withdrawal (\$000)



Continued on page 8

**Ontario and Quebec residents account for the bulk of subscribers to HBP**

Participation in the program has varied from province to province and over time.

Ontario home buyers accounted for nearly 42 per cent of both participants and amounts withdrawn under the HBP in 2002. Quebec accounted for 31.5 per cent of participants and 34.1 per cent of the amounts withdrawn, followed by British Columbia at about 11.3 per cent of both participants and funds withdrawn. Average withdrawals ranged from a low of \$7,309 in Saskatchewan to a high of \$11,433 in Quebec, reflecting the diversity of housing markets, purchasing preferences of home buyers, and financial habits in the provinces.

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

**Repayments under HBP**

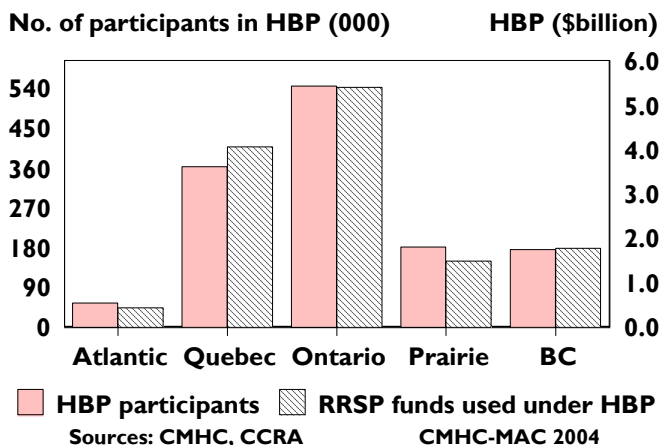
Those utilizing the HBP have the option of repaying to their RRSP the amount withdrawn under the HBP or declaring it as a taxable income.

The relatively high cost of declaring the withdrawal under the HBP as a taxable income has generally encouraged the home buyers to repay the funds. ■

<sup>1</sup> CMHC, Socio-economic series 03-009, R63239, August 2003, Impact of the Home Buyers' Plan on housing demand.

<sup>2</sup> Financial Industry Research Monitor (FIRM) survey, March 2004.

**Ontario and Quebec have gained most from Home Buyers' Plan since 1992**



**Provincial participation in HBP in 2002**

Province / Territory	No. of participants	Average withdrawal (\$)
NF	810	7,973
PE	230	7,866
NS	1,930	8,677
NB	1,220	7,563
QC	38,840	11,669
ON	50,810	10,610
MN	2,510	7,835
SA	1,590	7,539
AL	11,030	8,637
BC	13,900	10,552
NWT	130	11,037
YK & NU	110	10,842
Canada	123,110	10,524

Sources: CMHC, Canada Customs and Revenue Agency (CCRA) CMHC-MAC 2004



## NHA MORTGAGE-BACKED SECURITIES

APRIL TO JUNE 2004 ISSUES

POOL NO.	ISSUER	VALUE (\$)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	AMORTIZATION (YRS)
----------	--------	------------	-----------------	----------	------------------------------	--------------------

### Month of Issue: April 2004

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

96-414-479	Vancouver City Savings CU	27,165,496.69	3.90	2009-02-01	4.85	22.55
96-414-487	Vancouver City Savings CU	16,193,155.48	3.90	2009-02-01	4.84	23.46
96-414-495	ResMor Trust Company	20,056,228.61	3.40	2009-04-01	5.38	23.38
96-414-503	ResMor Trust Company	31,948,745.12	3.50	2009-04-01	5.06	23.45

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

96-502-281	Equitable Trust Company (The)	29,536,757.90	3.55	2009-04-01	4.46	23.50
96-502-299	Equitable Trust Company (The)	28,716,293.49	4.40	2014-04-01	5.14	26.68
96-502-307	Peoples Trust Company	24,517,328.08	3.60	2009-04-01	4.37	21.72

#### NHA-Insured Market Residential Pools (Multiple Units)

96-602-370	Peoples Trust Company	15,149,808.54	4.95	2024-04-01	5.90	20.00
------------	-----------------------	---------------	------	------------	------	-------

#### NHA-Insured Market Residential Pools (NO PIP WITH 3 YEAR INDEMNITY)

97-005-102	Toronto-Dominion Bank	117,601,279.15	3.85	2009-03-01	4.86	22.97
97-005-110	Toronto-Dominion Bank	18,846,822.03	3.05	2006-12-01	4.54	23.02

#### NHA-Insured Market Residential Pools (NO PIP WITH 5 YEAR INDEMNITY)

97-503-296	Home Trust Company	15,387,289.92	3.00	2007-05-01	6.68	23.96
97-503-304	Home Trust Company	23,145,655.52	3.50	2009-04-01	6.06	23.55
97-503-320	Royal Bank of Canada	56,817,695.73	3.25	2007-03-01	4.37	22.51
97-503-338	Toronto-Dominion Bank	107,932,972.38	3.80	2009-03-01	5.27	18.80
97-503-346	Toronto-Dominion Bank	110,335,106.32	3.65	2009-03-01	5.01	11.31
97-503-353	Toronto-Dominion Bank	25,192,183.92	3.40	2008-02-01	4.99	10.30
97-503-361	Toronto-Dominion Bank	24,852,655.61	3.15	2007-03-01	5.20	10.31
97-503-379	Toronto-Dominion Bank	24,171,851.46	3.25	2007-03-01	5.56	19.21
97-503-387	Toronto-Dominion Bank	349,062,298.19	3.80	2009-03-01	5.02	22.75
97-503-395	Toronto-Dominion Bank	41,045,148.44	3.55	2008-09-01	5.20	11.26
97-503-403	Toronto-Dominion Bank	26,865,302.08	3.65	2008-09-01	5.10	20.53
97-503-411	Canada Trustco Mortgage Co.	63,438,730.23	3.80	2009-03-01	5.24	17.76
97-503-429	Canada Trustco Mortgage Co.	91,282,150.46	3.65	2009-03-01	5.15	11.12
97-503-437	Canada Trustco Mortgage Co.	36,122,268.77	3.55	2008-09-01	5.09	10.95
97-503-445	Canada Trustco Mortgage Co.	29,049,365.44	3.65	2008-09-01	5.20	18.03
97-503-452	Canada Trustco Mortgage Co.	35,594,879.81	3.30	2007-08-01	5.14	11.07
97-503-460	Canada Trustco Mortgage Co.	32,460,259.15	3.35	2007-08-01	5.16	17.67
97-503-478	Cnd.Imperial Bank of Commerce	14,840,288.20	2.97	2007-04-01	5.25	21.78
97-503-486	Cnd.Imperial Bank of Commerce	57,225,179.62	3.41	2008-08-01	5.01	20.91
97-503-494	Cnd.Imperial Bank of Commerce	36,553,168.01	3.38	2008-08-01	6.64	19.71

#### Social Housing Pools

99-008-732	Toronto-Dominion Bank	2,761,373.55	3.25	2009-04-01	3.77	17.96
------------	-----------------------	--------------	------	------------	------	-------

### Month of Issue: May 2004

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

96-414-511	ResMor Trust Company	20,226,017.92	3.80	2009-05-01	4.98	23.39
96-414-529	ResMor Trust Company	25,906,871.85	3.75	2009-05-01	4.97	23.56
96-414-537	ResMor Trust Company	22,283,713.21	3.95	2009-05-01	5.03	23.77

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

96-502-315	Equitable Trust Company (The)	44,854,542.41	3.65	2009-05-01	4.68	27.64
------------	-------------------------------	---------------	------	------------	------	-------

#### NHA-Insured Market Residential Pools (Multiple Units)

96-602-396	Peoples Trust Company	17,350,757.62	4.90	2014-05-01	5.53	30.19
96-602-404	Peoples Trust Company	24,834,929.42	3.70	2009-05-01	4.43	23.53

#### NHA-Insured Market Residential Pools (NO PIP WITH 3 YEAR INDEMNITY)

97-005-128	Bank of Nova Scotia	52,470,152.61	3.87	2008-12-01	4.46	21.54
97-005-136	Bank of Nova Scotia	29,772,778.03	3.50	2008-09-01	4.24	21.20
97-005-144	Bank of Nova Scotia	24,621,741.65	3.50	2008-03-01	4.63	21.61
97-005-151	Bank of Nova Scotia	56,008,725.87	3.50	2007-09-01	4.69	21.38
97-005-169	Bank of Nova Scotia	18,583,196.55	3.30	2007-03-01	4.46	21.17
97-005-177	Bank of Nova Scotia	6,709,596.52	2.55	2006-04-01	4.04	21.20
97-005-193	National Bank of Canada	11,578,688.71	3.50	2005-12-01	4.60	19.88
97-005-201	National Bank of Canada	11,177,582.13	3.50	2005-12-01	4.53	10.73
97-005-219	National Bank of Canada	18,120,997.75	4.00	2006-02-01	5.13	20.28
97-005-227	National Bank of Canada	20,834,713.06	3.50	2007-03-01	4.93	21.44
97-005-235	National Bank of Canada	9,369,268.40	3.60	2007-03-01	4.96	10.87
97-005-243	National Bank of Canada	28,743,625.26	3.65	2008-03-01	5.12	10.96
97-005-250	National Bank of Canada	44,988,643.94	3.80	2008-09-01	5.18	20.58
97-005-268	National Bank of Canada	26,135,625.36	4.15	2008-09-01	5.22	11.07

\*PIP stands for Penalty Interest Payments  
Source: CMHC

CMHC - MAC 2004

NHA MORTGAGE-BACKED SECURITIES

APIL TO JUNE 2004 ISSUES

POOL NO.	ISSUER	VALUE (\$)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	AMORTIZATION (YRS)
<b>Month of Issue: May 2004</b>						
<b>NHA-Insured Market Residential Pools (NO PIP WITH 5 YEAR INDEMNITY)</b>						
97-503-502	Royal Bank of Canada	49,920,500.43	3.75	2008-03-01	4.63	21.93
97-503-510	Cnd.Imperial Bank of Commerce	6,578,503.37	3.40	2007-05-01	5.08	11.79
97-503-528	Cnd.Imperial Bank of Commerce	27,864,465.08	3.45	2007-05-01	4.67	22.02
97-503-536	Cnd.Imperial Bank of Commerce	8,317,526.91	3.74	2008-03-01	6.78	20.46
97-503-544	Cnd.Imperial Bank of Commerce	21,451,966.50	3.75	2008-03-01	5.55	21.29
97-503-551	Cnd.Imperial Bank of Commerce	6,671,482.55	3.67	2008-01-01	5.45	22.07
97-503-569	Toronto-Dominion Bank	283,276,700.29	3.75	2009-04-01	4.85	21.06
97-503-577	Toronto-Dominion Bank	124,930,790.36	3.75	2009-04-01	4.87	11.37
97-503-585	Toronto-Dominion Bank	39,754,440.84	3.05	2006-09-01	4.39	21.49
97-503-593	Toronto-Dominion Bank	20,303,885.25	2.90	2006-06-01	5.30	10.30
97-503-601	Canada Trustco Mortgage Co.	63,666,970.29	3.75	2009-04-01	4.85	11.04
97-503-619	Canada Trustco Mortgage Co.	29,438,717.46	3.90	2009-04-01	4.97	17.72
97-503-627	Cnd.Imperial Bank of Commerce	15,573,524.94	3.50	2007-05-01	4.47	22.12
97-503-635	Maple Trust Company	17,123,595.47	3.25	2007-01-01	4.99	22.68
<b>NHA-Insured Variable Rate Pools (VRMBS)</b>						
98-500-127	Toronto-Dominion Bank	101,784,749.30	2.04	2008-03-01	3.12	20.21
98-500-135	Toronto-Dominion Bank	131,108,208.30	2.04	2007-09-01	3.06	20.76
<b>Month of Issue: June 2004</b>						
<b>NHA-Insured Market Residential Pools (Single Units)</b>						
96-414-362	Alberta Motor Assoc.Insur.Comp	19,704,505.32	3.60	2007-06-01	4.72	23.97
96-414-420	Alberta Motor Assoc.Insur.Comp	14,985,769.41	4.05	2009-06-01	5.22	23.61
96-414-545	ResMor Trust Company	23,405,200.73	3.95	2009-06-01	5.25	23.35
96-414-552	Vancouver City Savings CU	14,703,758.79	3.70	2009-05-01	4.45	23.05
96-414-560	Vancouver City Savings CU	10,891,894.29	3.80	2009-05-01	4.57	22.18
96-414-578	ResMor Trust Company	17,848,919.85	3.95	2009-06-01	5.33	23.48
96-414-586	ResMor Trust Company	24,900,429.88	3.95	2009-06-01	5.25	23.45
96-414-594	ResMor Trust Company	14,241,868.94	3.38	2007-06-01	4.76	23.86
<b>NHA-Insured Market Residential Pools (Mixed)</b>						
96-502-323	MCAP Inc.	9,888,149.41	3.85	2009-06-01	4.45	25.51
96-502-331	Equitable Trust Company (The)	17,087,171.00	4.80	2014-06-01	5.61	25.81
96-502-356	Equitable Trust Company (The)	10,968,704.76	4.00	2009-06-01	4.89	22.56
<b>NHA-Insured Market Residential Pools (Multiple Units)</b>						
96-602-388	Peoples Trust Company	39,590,563.91	5.15	2014-06-01	6.30	20.00
<b>NHA-Insured Market Residential Pools (NO PIP WITH 3 YEAR INDEMNITY)</b>						
97-005-284	National Bank of Canada	48,958,561.76	4.00	2009-04-01	4.81	20.69
97-005-292	National Bank of Canada	73,806,026.98	4.50	2009-04-01	5.59	20.96
97-005-300	National Bank of Canada	40,724,855.03	4.00	2009-04-01	5.22	11.54
97-005-318	Bank of Nova Scotia	147,858,056.20	4.10	2009-05-01	4.76	21.44
97-005-326	Bank of Nova Scotia	305,096,976.05	4.50	2009-05-01	5.82	21.69
97-005-334	Bank of Nova Scotia	142,825,149.79	4.75	2009-05-01	5.87	20.75
97-005-375	HSBC Bank Canada	11,869,378.13	4.00	2009-06-01	4.72	21.77
<b>NHA-Insured Market Residential Pools (NO PIP WITH 5 YEAR INDEMNITY)</b>						
97-503-643	Royal Bank of Canada	99,935,646.60	2.75	2006-05-01	3.57	21.50
97-503-650	Laurentian Bank of Canada	57,261,768.21	4.50	2009-03-01	5.74	21.38
97-503-668	Cnd.Imperial Bank of Commerce	55,253,890.61	3.75	2009-06-01	4.80	22.89
97-503-676	Cnd.Imperial Bank of Commerce	56,638,223.41	3.75	2009-06-01	4.93	22.26
97-503-684	Cnd.Imperial Bank of Commerce	97,473,809.51	3.70	2009-06-01	4.37	22.42
97-503-692	Cnd.Imperial Bank of Commerce	9,360,849.95	3.94	2009-06-01	5.17	12.47
97-503-700	Cnd.Imperial Bank of Commerce	61,613,022.91	4.00	2009-06-01	5.11	11.67
97-503-718	Cnd.Imperial Bank of Commerce	376,094,070.56	4.00	2009-06-01	5.03	22.20
97-503-726	Cnd.Imperial Bank of Commerce	38,012,526.64	3.75	2009-06-01	4.84	11.48
97-503-734	Cnd.Imperial Bank of Commerce	154,111,345.66	3.75	2009-06-01	4.83	22.11
97-503-742	Laurentian Bank of Canada	40,279,689.35	4.50	2009-06-01	5.84	21.91
97-503-759	La Capitale MFQ Insurance Inc.	46,274,677.81	3.80	2009-06-01	4.65	22.62
97-503-767	Cnd.Imperial Bank of Commerce	10,443,480.86	3.22	2006-06-01	5.54	20.80
97-503-775	Cnd.Imperial Bank of Commerce	17,233,030.46	3.22	2006-06-01	5.24	21.00
97-503-783	Cnd.Imperial Bank of Commerce	11,072,090.55	3.22	2006-06-01	4.51	22.11
97-503-791	Toronto-Dominion Bank	53,436,360.46	4.10	2008-05-01	5.57	20.22

\*PIP stands for Penalty Interest Payments

Source: CMHC

CMHC - MAC 2004

# NHA MORTGAGE-BACKED SECURITIES

APIL TO JUNE 2004 ISSUES

POOL NO.	ISSUER	VALUE (\$)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	AMORTIZATION (YRS)
<b>Month of Issue: June 2004</b>						
<b>NHA-Insured Market Residential Pools (NO PIP WITH 5 YEAR INDEMNITY)</b>						
97-503-809	Toronto-Dominion Bank	86,366,300.89	4.00	2007-12-01	5.56	20.29
97-503-817	Toronto-Dominion Bank	61,800,111.00	3.50	2007-05-01	4.67	20.76
97-503-825	Toronto-Dominion Bank	45,287,925.40	3.50	2007-01-01	4.38	23.11
97-503-833	Toronto-Dominion Bank	165,879,699.00	3.75	2009-05-01	4.74	22.81
97-503-841	Toronto-Dominion Bank	32,786,995.28	3.50	2008-11-01	4.69	21.72
97-503-858	Canada Trustco Mortgage Co.	31,585,744.49	4.00	2009-05-01	5.02	17.43
97-503-866	Canada Trustco Mortgage Co.	60,098,143.58	3.75	2009-05-01	4.89	11.41
97-503-874	Toronto-Dominion Bank	536,685,649.52	3.75	2009-05-01	4.81	21.88
97-503-882	Toronto-Dominion Bank	142,359,280.27	3.75	2009-05-01	4.91	11.33
97-503-890	Toronto-Dominion Bank	315,884,390.70	3.50	2008-11-01	4.78	22.08
97-503-908	Toronto-Dominion Bank	38,969,602.62	3.50	2008-11-01	4.87	11.22
97-503-916	Bank of Montreal	128,709,455.70	3.85	2009-04-01	4.94	22.49
97-503-924	Bank of Montreal	156,840,145.43	3.70	2009-04-01	4.88	22.87
97-503-932	Royal Bank of Canada	169,112,063.27	3.85	2009-05-01	4.86	11.90
97-503-940	Royal Bank of Canada	464,880,067.30	3.85	2009-05-01	4.66	21.80
97-503-957	Royal Bank of Canada	185,569,801.51	3.85	2009-01-01	4.87	21.50
97-503-965	Canada Trustco Mortgage Co.	12,017,536.90	3.40	2006-06-01	5.22	18.34
97-503-973	Canada Trustco Mortgage Co.	12,782,903.00	3.35	2006-06-01	5.27	11.49
97-503-981	Canada Trustco Mortgage Co.	20,474,440.74	3.65	2007-03-01	5.17	9.29
97-503-999	Canada Trustco Mortgage Co.	9,330,132.72	3.70	2007-03-01	5.27	18.06
97-504-005	Canada Trustco Mortgage Co.	22,563,490.37	3.50	2006-11-01	5.07	10.04
97-504-021	HSBC Bank Canada	44,888,047.51	3.50	2006-05-01	4.55	20.86
97-504-039	HSBC Bank Canada	7,330,522.29	3.50	2006-06-01	4.60	21.64
97-504-047	HSBC Bank Canada	25,162,240.31	4.00	2009-05-01	4.85	22.12
97-504-054	HSBC Bank Canada	6,918,923.68	4.00	2009-05-01	4.82	21.54
97-504-062	HSBC Bank Canada	7,361,801.96	4.00	2009-06-01	4.66	22.28
97-504-070	Maple Bank GmbH	105,646,060.85	4.00	2009-06-01	4.93	22.10
97-504-088	Maple Bank GmbH	39,196,646.74	4.00	2009-06-01	5.00	20.81
97-504-096	Maple Bank GmbH	16,486,256.61	3.85	2009-06-01	4.37	22.76
97-504-104	Maple Bank GmbH	89,009,647.48	3.85	2009-06-01	4.37	22.75
97-504-112	Home Trust Company	43,499,197.43	4.25	2009-06-01	5.98	23.50
<b>NHA-Insured Variable Rate Pools (VRMBS)</b>						
98-500-143	Cnd.Imperial Bank of Commerce	253,389,059.23	2.23	2009-06-01	2.76	11.68
98-500-150	Cnd.Imperial Bank of Commerce	592,287,705.78	2.23	2009-06-01	2.77	19.55
98-500-168	Cnd.Imperial Bank of Commerce	33,389,574.87	2.23	2009-06-01	2.76	12.14
98-500-176	Cnd.Imperial Bank of Commerce	63,593,382.00	2.23	2009-06-01	2.76	19.41
98-500-184	Bank of Montreal	123,629,092.01	2.13	2009-06-01	3.38	19.04
98-500-192	Bank of Montreal	80,155,857.58	2.13	2008-12-01	3.38	19.15
98-500-200	Toronto-Dominion Bank	30,732,777.01	2.05	2009-05-01	3.09	11.43
98-500-218	Toronto-Dominion Bank	141,176,571.72	2.05	2009-05-01	3.08	21.34
98-500-226	Toronto-Dominion Bank	65,347,941.46	2.05	2008-12-01	3.13	20.45
<b>Social Housing Pools</b>						
99-008-740	Toronto-Dominion Bank	41,920,856.65	4.75	2014-06-01	5.27	21.03

\*PIP stands for Penalty Interest Payments

Source: CMHC

CMHC - MAC 2004

## 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
- 975 - Comprised exclusively of homeowner mortgages, Investors are paid an indemnity in the event of any prepayments made outside the core prepayments provisions (5-year term)
- 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
- 985 - Comprised exclusively of equal monthly payment variable rate homeowner mortgages

## NHA MBS STATISTICS

### NHA MORTGAGE-BACKED SECURITIES

(Average of period except when indicated)

		2002	2003	2Q03	3Q03	4Q03	1Q04	2Q04
<b>OUTSTANDING AMOUNT (End of period)</b>								
<b>TOTAL</b>	\$million	45,420	59,757	49,332	55,239	59,757	64,880	69,167
	Units	987	1,163	1,024	1,098	1,163	1,227	1,334
Residential, single (with PIP *)	\$million	1,425	1,165	1,129	1,119	1,165	1,245	1,428
	Units	157	132	135	134	132	133	140
Residential, single (no PIP)	\$million	258	91	166	119	91	72	46
	Units	100	75	86	80	75	68	60
Residential, single (no PIP with indemnity)	\$million	21,519	16,813	17,910	16,472	16,813	17,598	16,440
	Units	264	287	272	278	287	294	309
Residential, single (no PIP with indemnity, 5-year)	\$million	13,594	31,029	21,273	27,605	31,029	34,702	38,430
	Units	90	268	150	212	268	323	404
Residential, multiple	\$million	1,910	2,253	2,134	2,257	2,253	2,265	2,267
	Units	128	144	140	147	144	146	148
Social Housing	\$million	4,729	4,591	4,605	4,584	4,591	4,549	4,551
	Units	102	93	93	92	93	91	90
Mixed	\$million	1,984	2,299	2,114	2,245	2,299	2,386	2,476
	Units	146	157	148	152	157	162	162
Variable rate	\$million		1,516		837	1,516	2,063	3,529
	Units		7		3	7	10	21

#### ISSUES (Total of period)

<b>TOTAL</b>	\$million	22,644	32,702	8,154	11,603	8,553	8,954	9,681
	Units	239	348	72	112	107	105	143
Residential, single (with PIP)	\$million	307	532	26	226	226	206	304
	Units	20	33	2	13	13	9	15
Residential, single (no PIP)	\$million	0	0	0	0	0	0	0
	Units	0	0	0	0	0	0	0
Residential, single (no PIP with indemnity)	\$million	7,675	5,922	1,393	1,489	2,291	2,480	1,267
	Units	73	75	23	17	22	27	23
Residential, single (no PIP with indemnity, 5-year)	\$million	12,555	23,471	6,471	8,685	5,100	5,447	6,186
	Units	68	178	36	62	56	55	81
Residential, multiple	\$million	670	481	119	151	73	43	97
	Units	33	25	5	8	4	3	4
Social Housing	\$million	1,031	194	39	52	29	23	45
	Units	15	7	1	2	2	1	2
Mixed	\$million	406	545	106	156	120	148	166
	Units	30	23	5	7	6	7	7
Variable rate	\$million		1,557		843	713	607	1,617
	Units		7		3	4	3	11

#### YIELDS (5-year maturity,%)

MBS Prepayable (with PIP)	4.89	4.32	4.13	4.19	4.36	3.87	4.33
MBS Non-prepayable	4.81	4.26	4.05	4.12	4.30	3.78	4.22
Mortgage rates	7.02	6.39	6.20	6.28	6.45	5.85	6.45
GOCs	4.58	4.00	3.82	3.86	4.02	3.51	3.95

#### SPREADS OVER GOC (5-year maturity,%)

Prepayable (with PIP)	0.31	0.32	0.31	0.33	0.34	0.36	0.38
Non-prepayable	0.23	0.26	0.24	0.26	0.28	0.27	0.27
Mortgage rates	2.44	2.39	2.38	2.42	2.43	2.34	2.50

\* PIP stands for Penalty Interest Payments.

Sources: CMHC, Bank of Canada, Statistics Canada

CMHC - MAC 2004