

s.19(1)

Re: First Time Homebuyers Data

Caroline Sanfacon

to:

Caroline Anctil

2016-07-27 12:38 PM

Classification:

Hide Details

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA

To: Caroline Anctil/NAT/CMHC-SCHL/CA@cmhc-schl,

Absolutely and I would appreciate if you could keep Andrew and Hemesh in the loop. Merci!

Caroline

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Caroline Anctil**Sent:** Wednesday, July 27, 2016 9:27 AM**To:** Caroline Sanfacon**Cc:** Andrew W Middleton; David D'Amour; Hemesh Parbhu; Lance Jakubec**Subject:** Re: Fw: First Time Homebuyers Data

For sure we can help.

Do you want me to get in touch with Greg directly? I would also like to confirm with him the income increments that he's looking for i.e. 5\$ that is a bit small. I think he meant 5K increments, but it would be good to confirm.

Let me know.

Caroline

Caroline Anctil

Manager, Business Analysis and Lender Reporting

Quality Assurance and Analytics

canctil@cmhc-schl.gc.ca

Telephone: 613 748-2277

Facsimile: 613 748-2814

700 Montreal Road, A3-321, Ottawa, ON, K1A 0P7

[Canada Mortgage and Housing Corporation \(CMHC\)](#)www.cmhc.ca**Caroline Anctil**

Gestionn., Analyste activ. et rapp. sur prêteurs

Assurance de la qualité et Analytique

canctil@cmhc-schl.gc.ca

Téléphone : 613 748-2277

Télécopieur : 613 748-2814

700, Chemin Montreal, A3-321, Ottawa, ON, K1A 0P7

[Société canadienne d'hypothèques et de logement \(SCHL\)](#)www.schl.ca

Caroline Sanfacon---27/07/2016 12:16:07 PM---Caroline,

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA

To: Caroline Anctil/NAT/CMHC-SCHL/CA@cmhc-schl,

Cc: David D'Amour/NAT/CMHC-SCHL/CA@cmhc-schl, Andrew W Middleton/BCY/CMHC-SCHL/CA@cmhc-schl, Hemesh Parbhu/BCY/CMHC-SCHL/CA@cmhc-schl, Lance Jakubec/BCY/CMHC-SCHL/CA@cmhc-schl

Date: 27/07/2016 12:16 PM

Subject: Fw: First Time Homebuyers Data

Bonjour Caroline,

Is there something we can do regarding this request?

and Hemesh

so I am copying Andrew
to help out managing the expectations on our end.

A0017131_1-000001

file:///C:/Users/cmongrai.CMHC-SCHL/AppData/Local/Temp/notesC7A056/~web8014.... 2017-01-31

Caroline

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Steves, Gregory OHCS:EX <Gregory.Steves@gov.bc.ca>

Sent: Wednesday, July 27, 2016 8:53 AM

To: 'csanfac@cmhc-schl.gc.ca'

Cc: amidlet@cmhc-schl.gc.ca; ljakubec@cmhc-schl.gc.ca; dgstewar@cmhc-schl.gc.ca; Lam, Roger OHCS:EX; Page, Doug OHCS:EX

Subject: RE: First Time Homebuyers Data

Caroline,

Do you think it is possible to get the data behind the graphs on slide 11? Specifically we are looking for table that shows the number of First Homebuyers in those price ranges (both for incomes and the cost of homes purchased)? We are trying to estimate take up and costs of a new program proposal we are taking to government and those numbers would be very useful. If it's possible could we get the incomes at smaller increments, perhaps \$5?

There is some urgency to this request, we are hoping to put the finishing touches on our proposal ASAP. The legislature has been recalled for a summer session their focus is exclusively on housing affordability.

Thanks so much.

Greg Steves
250-361-7145

From: csanfac@cmhc-schl.gc.ca [<mailto:csanfac@cmhc-schl.gc.ca>]

Sent: Thursday, July 21, 2016 5:13 PM

To: Steves, Gregory OHCS:EX

Cc: amidlet@cmhc-schl.gc.ca; ljakubec@cmhc-schl.gc.ca; dgstewar@cmhc-schl.gc.ca

Subject: Fw: First Time Homebuyers Data

Hi Greg,

please see attached information we have compiled following your request about CMHC data on First Time Homebuyers in BC. The information provided is based on CMHC transactional insurance business only.

Let me know if you have any questions. Happy to discuss.

Caroline

Caroline Sanfacon
Regional Vice-President
Office of the Regional VP (British Columbia)
csanfac@cmhc-schl.gc.ca
Telephone: 604 737-4150
Facsimile:

Caroline Sanfacon
Vice-présidente régionale
Bureau du vice-président régional, C.-B.
csanfac@cmhc-schl.gc.ca
Téléphone : 604 737-4150
Télécopieur :

A0017131_2-000002

file:///C:/Users/cmongrai.CMHC-SCHL/AppData/Local/Temp/notesC7A056/~web8014.... 2017-01-31

1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3 1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3

Canada Mortgage and Housing Corporation (CMHC)

Société canadienne d'hypothèques et de logement (SCHL)

www.cmhc.ca

www.schl.ca





Fw: Follow-up
 Caroline Sanfacon
 to:
 Caroline Anctil
 2016-07-15 12:48 PM
 Classification:
 PROTECTED
 Hide Details Business Value: Transitory Record
 From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
 To: Caroline Anctil/NAT/CMHC-SCHL/CA@CMHC-SCHL,

1 Attachment



image001.wmz

Bonjour Caroline,

La province de C-B vient de m'écrire pour avoir une mise-à-jour quant à leur requête (voir ci-bas car il y a aussi une question supplémentaire). Peux-tu m'aviser des délais anticipés pour pouvoir fournir l'information demandée?

Je crois que tu m'avais indiquer que tu espérais avoir l'information vers la fin de cette semaine.. Peux-tu m'indiquer aujourd'hui à quel moment tu crois que nous aurons l'information qu'il recherche pour que je puisse lui répondre en plus de savoir si nous pourrions lui fournir de l'information concernant sa nouvelle question?

merci beaucoup

Caroline

Caroline Sanfacon
 Regional Vice-President
 Office of the Regional VP (British Columbia)
csanfac@cmhc-schl.gc.ca
 Telephone: 604 737-4150
 Facsimile:
 1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3
 Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfacon
 Vice-présidente régionale
 Bureau du vice-président régional, C.-B.
csanfac@cmhc-schl.gc.ca
 Téléphone : 604 737-4150
 Télécopieur :
 1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3
 Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



----- Forwarded by Caroline Sanfacon/BCY/CMHC-SCHL/CA on 15/07/2016 09:40 AM -----

From: "Steves, Gregory OHCS:EX" <Gregory.Steves@gov.bc.ca>
 To: "Caroline Sanfacon/BCY/CMHC-SCHL/CA" <csanfac@cmhc-schl.gc.ca>,
 Date: 15/07/2016 09:39 AM
 Subject: Follow-up

Caroline,

I'm just following up on the discussion we had earlier this week, and the data request your team is working on. Do you have info on the number of home purchasers who purchase with minimum equity (10%) and how many of these people would be first time home purchasers?

Happy to discuss if that helps

Greg Steves, MCP, RI
 Assistant Deputy Minister

Office of Housing and Construction Standards
 Ministry of Natural Gas Development and Minister Responsible for Housing
 Cell: 250-361-7145
Gregory.steves@gov.bc.ca




(See attached file: image001.wmz)

A0017133_1-000004

file:///C:/Users/cmongrai.CMHC-SCHL/AppData/Local/Temp/notesC7A056/~web42... 2017-01-31



Re: Fw: request from BC Prov Gov't - data on First Time Home Buyers and info on finance implications / regulations (potential Provincial program to assist with down payments for FTHB) 

Caroline Sanfacon to: Caroline Ancil

2016-07-11 02:19 PM

Cc: Lance Jakubec, Andrew W Middleton

Classification: PROTECTED - CMHC Operations/Proprietary

less Value: Transitory Record

Allo Caroline,

je viens de parler avec Greg, ADM à la province de C-B et il est très content de savoir que nous pourrions lui fournir certaine information au sujet du profil des emprunteurs (FTHB). La Province n'a pas de problème avec des données sommaires. Elle aimerait par contre que le profil reflète le niveau de revenu de l'emprunteur ou du taux de service de la dette (GDS/TDS). Serait-il possible de pouvoir categoriser les résultats par des plages de revenus en plus de la moyenne et médiane?

L'autre aspect, est si on peut categoriser les résultats par zones de marché, en plus de la compilation provinciale... Il est très content de savoir qu'il aura une comparaison des résultats de la province avec les résultats nationaux

J'espère que ça t'aide

Caroline

Caroline Sanfacon
Regional Vice-President
Office of the Regional VP (British Columbia)
csanfac@cmhc-schl.gc.ca
Telephone: 604 737-4150
Facsimile:
1111 West Georgia, Suite 2000, 20-426-, Vancouver,
BC, V6E 4M3

Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfacon
Vice-présidente régionale
Bureau du vice-président régional, C.-B.
csanfac@cmhc-schl.gc.ca
Téléphone : 604 737-4150
Télécopieur :
1111 Chemin Georgia O, Porte 2000, 20-426-
Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement
(SCHL)

www.schl.ca



☐ Caroline Ancil--07/07/2016 05:41:56 AM--Allô Caroline, Nous avons commencé à extraire des stats sur les accédants pour la province. Est-ce

From: Caroline Ancil/NAT/CMHC-SCHL/CA
To: Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL,
Date: 07/07/2016 05:41 AM
Subject: Re: Fw: request from BC Prov Gov't - data on First Time Home Buyers and info on finance implications / regulations (potential Provincial program to assist with down payments for FTHB)

Allô Caroline,

Nous avons commencé à extraire des stats sur les accédants pour la province. Est-ce que tu as discuté avec Greg au sujet des attentes au sujet de la livraison de résultats? De notre côté, je vise d'ici la fin de la semaine prochaine de vous transmettre des résultats, si tout va bien. Ceux-ci seraient sous la forme de résultats sommaires, et non de données brutes, qui permettront au gouvernement de la C.-B. d'avoir une bonne idée du profil des premiers acheteurs de la province. De plus, nous fournirons une comparaison avec les valeurs nationales.

Laisse-moi savoir si tu as des informations additionnelles par rapport à cette demande.

Merci et bon matin !
Caroline

Caroline Anctil
Manager, Business Analysis and Lender Reporting
Quality Assurance and Analytics
canctil@cmhc-schl.gc.ca
Telephone: 613 748-2277
Facsimile: 613 748-2814
700 Montreal Road, A3-321, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation
(CMHC)
www.cmhc.ca

Caroline Anctil
Gestionn., Analyste activ. et rapp. sur prêteurs
Assurance de la qualité et Analytique
canctil@cmhc-schl.gc.ca
Téléphone : 613 748-2277
Télécopieur : 613 748-2814
700, Chemin Montreal, A3-321, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

▼ David D'Amour---06/07/2016 08:37:31 AM---Hi Caroline I've forwarded your request to Caroline Anctil. She will be in touch. Have a good day.

From: David D'Amour/NAT/CMHC-SCHL/CA
To: Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Caroline Anctil/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 06/07/2016 08:37 AM
Subject: Re: Fw: request from BC Prov Gov't - data on First Time Home Buyers and info on finance implications / regulations
(potential Provincial program to assist with down payments for FTHB)

Hi Caroline
I've forwarded your request to Caroline Anctil. She will be in touch. Have a good day.
David

▼ Caroline Sanfacon---05/07/2016 03:50:40 PM---Hi David, do you think it would be possible to provide FTHB data for BC to the Province of BC to hel

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
To: David D'Amour/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Dawn O'Donnell/NAT/CMHC-SCHL/CA@CMHC-SCHL, Steven C Mennill/NAT/CMHC-SCHL/CA@CMHC-SCHL, Debbie G Stewart/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 05/07/2016 03:50 PM
Subject: Fw: request from BC Prov Gov't - data on First Time Home Buyers and info on finance implications / regulations
(potential Provincial program to assist with down payments for FTHB)

Hi David,

do you think it would be possible to provide FTHB data for BC to the Province of BC to help them with some policy work? any suggestions on what we could offer in terms of data or analysis?

Steve, FYI, Greg is ADM at the BC Government Housing Dept and is co-chairing the working FTP committee with Debbie.

Debbie, FYI

Caroline

----- Forwarded by Caroline Sanfacon/BCY/CMHC-SCHL/CA on 05/07/2016 12:45 PM -----

From: Dawn O'Donnell/NAT/CMHC-SCHL/CA
To: Lance Jakubec/BCY/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Andrew W Middleton/BCY/CMHC-SCHL/CA@CMHC-SCHL, Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL,
Lauren Ralph/BCY/CMHC-SCHL/CA@CMHC-SCHL
Date: 05/07/2016 12:41 PM
Subject: Re: request from BC Prov Gov't - data on First Time Home Buyers and info on finance implications / regulations
(potential Provincial program to assist with down payments for FTHB)

Hi Lance.

Assisted Housing would be happy to review and provide our input to a draft program; however this is predominantly an ML Insurance ask which cuts across a couple of areas within the sector. Given Greg Steves is an ADM, we need to ensure that it is being referred at the appropriate level. I would recommend either Caroline or Steve Mennill to start but will leave it to Caroline to make that call.

Regards,

Dawn

Dawn O'Donnell
Manager, FPT Agreements & Administration
Off. of the Sr. V.-P., Reg. Op. & Assis. Housing
dodonnell@cmhc-schl.gc.ca
Telephone: 613 748-2450
Facsimile: 613 748-5107
700 Montreal Road, A1-230, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation

(CMHC)
www.cmhc.ca

Dawn O'Donnell
Gestionnaire, Ententes FPT & administration
Bur. du pvp, Activités rég. et Aide au logement
dodonnell@cmhc-schl.gc.ca
Téléphone : 613 748-2450
Télécopieur : 613 748-5107
700, Chemin Montreal, A1-230, Ottawa, ON, K1A 0P7

Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

☐ Lance Jakubec---05/07/2016 01:00:57 PM---Hi Dawn and Caroline, The BC Go'vt is requesting any additional data that we can share on First Time

From: Lance Jakubec/BCY/CMHC-SCHL/CA
To: Dawn O'Donnell/NAT/CMHC-SCHL/CA@CMHC-SCHL, Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Lauren Ralph/BCY/CMHC-SCHL/CA@CMHC-SCHL, Andrew W Middleton/BCY/CMHC-SCHL/CA@CMHC-SCHL
Date: 05/07/2016 01:00 PM
Subject: request from BC Prov Gov't - data on First Time Home Buyers and info on finance implications / regulations (potential Provincial program to assist with down payments for FTHB)

Hi Dawn and Caroline,

The BC Go'vt is requesting any additional data that we can share on First Time Home Buyers (FTHB - see background below for details), as part of developing a policy / program to assist with affordability.

Is there a single contact for this request? There are two parts to their request:

- 1) FTHB data beyond the FTHB survey release (BC-specific data either from that survey or from emili), and
- 2) insights into implications of a downpayment assistance program.

Thanks, and given the level of the request (FPT / Greg Steves via Roger Lam), I can alert Roger that the appropriate person from CMHC will be in touch (he initially connected with me as we worked together on projects years ago).

Lance

Background:

I received a call today from Roger Lam (Director of Policy and Crown Liaison with BC Housing Policy Branch), as he and Greg Steves (ADM of BC Housing Policy Branch) are tasked with designing a new policy, potentially involving assisting FTHB with down payments through a second mortgage.

They are interested in understanding more about FTHB (how many in BC, how much down payment do they have, how many are using CMHC mortgage insurance, what is their income, what is their age, marital status, etc.). All of the things they would need to develop a targeted program.

They are also wondering about shared equity models and other second mortgage models and what the impact is on the purchaser's ability to qualify for the first mortgage and potentially access mortgage insurance.

Roger and his team have a strong policy background, but not necessarily on the subtleties of mortgages, mortgage loan insurance, OSFI regulations, etc., so a conference call with appropriate people on our end might be useful to frame their discussions.

Roger Lam, MCIP, RPP
Director of Policy and Crown Liaison

Housing Policy Branch, Office of Housing and Construction Standards
Ministry of Natural Gas Development and Minister Responsible for Housing
Cell: 250.208-6695
Email: roger.lam@gov.bc.ca

Lance Jakubec
Affordable Housing Consultant
CMHC BC Region
ljakubec@cmhc.ca
Tel: 604-737-4095

1111 West Georgia, Suite 20-406, Vancouver, BC, V6E 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Affordable Housing: Our Passion. Our Commitment.

Re: request from BC Prov Gov't - data on First Time Home Buyers and info on finance implications / regulations (potential Provincial program to assist with down payments for FTHB)

Caroline Sanfacon

to:

Caroline Anctil

2016-07-07 07:20 PM

Classification:

Hide Details

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA

To: Caroline Anctil/NAT/CMHC-SCHL/CA@cmhc-schl,

Merci. Je n'ai pas eu la chance de parler directement a Greg sur le sujet. Je vais tenter de le faire pour m'assurer qu'il sache ce dont on est en mesure de lui fournir et le moment.

Je te contacte la semaine prochaine si j'ai plus d'info

C

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Caroline Anctil

Sent: Thursday, July 7, 2016 8:41 AM

To: Caroline Sanfacon

Subject: Re: Fw: request from BC Prov Gov't - data on First Time Home Buyers and info on finance implications / regulations (potential Provincial program to assist with down payments for FTHB)

Allô Caroline,

Nous avons commencé à extraire des stats sur les accédants pour la province. Est-ce que tu as discuté avec Greg au sujet des attentes au sujet de la livraison de résultats? De notre côté, je vise d'ici la fin de la semaine prochaine de vous transmettre des résultats, si tout va bien. Ceux-ci seraient sous la forme de résultats sommaires, et non de données brutes, qui permettront au gouvernement de la C.-B. d'avoir une bonne idée du profil des premiers acheteurs de la province. De plus, nous fournirons une comparaison avec les valeurs nationales.

Laisse-moi savoir si tu as des informations additionnelles par rapport à cette demande.

Merci et bon matin !

Caroline

Caroline Anctil

Manager, Business Analysis and Lender Reporting

Quality Assurance and Analytics

canctil@cmhc-schl.gc.ca

Telephone: 613 748-2277

Facsimile: 613 748-2814

700 Montreal Road, A3-321, Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation

(CMHC)

www.cmhc.ca

Caroline Anctil

Gestionn., Analyste activ. et rapp. sur prêteurs

Assurance de la qualité et Analytique

canctil@cmhc-schl.gc.ca

Téléphone : 613 748-2277

Télécopieur : 613 748-2814

700, Chemin Montreal, A3-321, Ottawa, ON, K1A 0P7

Société canadienne d'hypothèques et de logement

(SCHL)

www.schl.ca

David D'Amour---06/07/2016 08:37:31 AM---Hi Caroline I've forwarded your request to Caroline Anctil. She will be in touch. Have a good day.

From: David D'Amour/NAT/CMHC-SCHL/CA

To: Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL,

Cc: Caroline Anctil/NAT/CMHC-SCHL/CA@CMHC-SCHL

Date: 06/07/2016 08:37 AM

Subject: Re: Fw: request from BC Prov Gov't - data on First Time Home Buyers and info on finance implications / regulations (potential Provincial program to assist with down payments for FTHB)

Hi Caroline

I've forwarded your request to Caroline Anctil. She will be in touch. Have a good day.
David

Caroline Sanfacon---05/07/2016 03:50:40 PM---Hi David, do you think it would be possible to provide FTHB data for BC to the Province of BC to hel

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
 To: David D'Amour/NAT/CMHC-SCHL/CA@CMHC-SCHL,
 Cc: Dawn O'Donnell/NAT/CMHC-SCHL/CA@CMHC-SCHL, Steven C Mennill/NAT/CMHC-SCHL/CA@CMHC-SCHL, Debbie G Stewart/NAT/CMHC-SCHL/CA@CMHC-SCHL
 Date: 05/07/2016 03:50 PM
 Subject: Fw: request from BC Prov Gov't - data on First Time Home Buyers and info on finance implications / regulations (potential Provincial program to assist with down payments for FTHB)

Hi David,

do you think it would be possible to provide FTHB data for BC to the Province of BC to help them with some policy work? any suggestions on what we could offer in terms of data or analysis?

Steve, FYI, Greg is ADM at the BC Government Housing Dept and is co-chairing the working FTP committee with Debbie.

Debbie, FYI

Caroline

----- Forwarded by Caroline Sanfacon/BCY/CMHC-SCHL/CA on 05/07/2016 12:45 PM -----

From: Dawn O'Donnell/NAT/CMHC-SCHL/CA
 To: Lance Jakubec/BCY/CMHC-SCHL/CA@CMHC-SCHL,
 Cc: Andrew W Middleton/BCY/CMHC-SCHL/CA@CMHC-SCHL, Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL, Lauren Ralph/BCY/CMHC-SCHL/CA@CMHC-SCHL
 Date: 05/07/2016 12:41 PM
 Subject: Re: request from BC Prov Gov't - data on First Time Home Buyers and info on finance implications / regulations (potential Provincial program to assist with down payments for FTHB)

Hi Lance.

Assisted Housing would be happy to review and provide our input to a draft program; however this is predominantly an ML Insurance ask which cuts across a couple of areas within the sector. Given Greg Steves is an ADM, we need to ensure that it is being referred at the appropriate level. I would recommend either Caroline or Steve Mennill to start but will leave it to Caroline to make that call.

Regards,

Dawn

Dawn O'Donnell
 Manager, FPT Agreements & Administration
 Off. of the Sr. V.-P., Reg. Op. & Assis. Housing
dodonnell@cmhc-schl.gc.ca
 Telephone: 613 748-2450
 Facsimile: 613 748-5107
 700 Montreal Road, A1-230, Ottawa, ON, K1A 0P7
 Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Dawn O'Donnell
 Gestionnaire, Ententes FPT & administration
 Bur. du pvp, Activités rég. et Aide au logement
dodonnell@cmhc-schl.gc.ca
 Téléphone : 613 748-2450
 Télécopieur : 613 748-5107
 700, Chemin Montreal, A1-230, Ottawa, ON, K1A 0P7
 Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

Lance Jakubec---05/07/2016 01:00:57 PM---Hi Dawn and Caroline, The BC Go'vt is requesting any additional data that we can share on First Time

From: Lance Jakubec/BCY/CMHC-SCHL/CA
 To: Dawn O'Donnell/NAT/CMHC-SCHL/CA@CMHC-SCHL, Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL,
 Cc: Lauren Ralph/BCY/CMHC-SCHL/CA@CMHC-SCHL, Andrew W Middleton/BCY/CMHC-SCHL/CA@CMHC-SCHL
 Date: 05/07/2016 01:00 PM
 Subject: request from BC Prov Gov't - data on First Time Home Buyers and info on finance implications / regulations (potential Provincial program to assist with down payments for FTHB)

Hi Dawn and Caroline,

The BC Go'vt is requesting any additional data that we can share on First Time Home Buyers (FTHB - see background below for details), as part of developing a policy / program to assist with affordability.

Is there a single contact for this request? There are two parts to their request:

- 1) FTHB data beyond the FTHB survey release (BC-specific data either from that survey or from emili), and
- 2) insights into implications of a downpayment assistance program.

Thanks, and given the level of the request (FPT / Greg Steves via Roger Lam), I can alert Roger that the appropriate person from CMHC will be in touch (he initially connected with me as we worked together on projects years ago).

Lance

Background:

I received a call today from Roger Lam (Director of Policy and Crown Liaison with BC Housing Policy Branch), as he and Greg Steves (ADM of BC Housing Policy Branch) are tasked with designing a new policy, potentially involving assisting FTHB with down payments through a second mortgage.

They are interested in understanding more about FTHB (how many in BC, how much down payment do they have, how many are using CMHC mortgage insurance, what is their income, what is their age, marital status, etc.). All of the things they would need to develop a targeted program.

They are also wondering about shared equity models and other second mortgage models and what the impact is on the purchaser's ability to qualify for the first mortgage and potentially access mortgage insurance.

Roger and his team have a strong policy background, but not necessarily on the subtleties of mortgages, mortgage loan insurance, OSFI regulations, etc., so a conference call with appropriate people on our end might be useful to frame their discussions.

Roger Lam, MCIP, RPP

Director of Policy and Crown Liaison

Housing Policy Branch, Office of Housing and Construction Standards
Ministry of Natural Gas Development and Minister Responsible for Housing
Cell: 250.208-6695
Email: roger.lam@gov.bc.ca

Lance Jakubec

Affordable Housing Consultant

CMHC BC Region

ljakubec@cmhc.ca

Tel: 604-737-4095

1111 West Georgia, Suite 20-406, Vancouver, BC, V6E 4M3

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

Affordable Housing: Our Passion. Our Commitment.

Fw: Request from BC Gov't (Greg Steves) Fw: CMHC FTHB default data

Caroline Sanfacon

to:

Caroline Anctil

2016-09-03 05:56 PM

Cc:

Lance Jakubec, Andrew W Middleton

Classification:

Hide Details

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA

To: Caroline Anctil/NAT/CMHC-SCHL/CA@cmhc-schl,

Cc: Lance Jakubec/BCY/CMHC-SCHL/CA@cmhc-schl, Andrew W Middleton/BCY/CMHC-SCHL/CA@cmhc-schl

Caroline,

Can you help us with this additional request from the Gov of BC pls?

Thank you and let me if you need us to seek for additional details or clarification.

Caroline

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Lance Jakubec <ljakubec@cmhc-schl.gc.ca>

Sent: Saturday, September 3, 2016 1:08 PM

To: Caroline Sanfacon

Cc: Andrew W Middleton

Subject: Request from BC Gov't (Greg Steves) Fw: CMHC FTHB default data

Hi Caroline,

Below is another request from BC Gov't / Greg Steve via Roger Lam (default rates for FTHB compared to overall buyers, BC data preferred).

Last time you coordinated directly with NO for the request. Please let me know if you would prefer that we initiate the request (and provide you any result to send to Greg/Roger), or if you'll coordinate it again.

Thanks,
Lance

Lance Jakubec
Affordable Housing Consultant
Canada Mortgage and Housing Corporation
604.737.4095

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Lam, Roger OHCS:EX <Roger.Lam@gov.bc.ca>

Sent: Saturday, September 3, 2016 9:24 AM

To: Lance Jakubec

Subject: Fwd: CMHC data

Hey Lance,

Any chance you can look into Greg's request below. I am on the road next week to the nation's capital for your round tables. Will be on email.

Roger

Sent from my iPhone

Begin forwarded message:

From: "Steves, Gregory OHCS:EX" <Gregory.Steves@gov.bc.ca<<mailto:Gregory.Steves@gov.bc.ca>>>
Date: September 3, 2016 at 9:14:16 AM PDT
To: "Lam, Roger OHCS:EX" <Roger.Lam@gov.bc.ca<<mailto:Roger.Lam@gov.bc.ca>>>
Subject: CMHC data

Can you email Lance and ask for the mortgage default rate for first time homebuyers? Also for comparative purposes the default rate overall?

Bc data preferred.

Sent from my iPhone



Re: Fw: First Time Homebuyers Data 
Caroline Sanfacon to: Caroline Anctil
 Classification: PROTECTED

2016-09-06 07:49 PM

less Value: Transitory Record

merci Caroline

Caroline Sanfacon
 Regional Vice-President
 Office of the Regional VP (British Columbia)
csanfaco@cmhc-schl.gc.ca
 Telephone: 604 737-4150
 Facsimile:
 1111 West Georgia, Suite 2000, 20-426-, Vancouver,
 BC, V6E 4M3

Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfacon
 Vice-présidente régionale
 Bureau du vice-président régional, C.-B.
csanfaco@cmhc-schl.gc.ca
 Téléphone : 604 737-4150
 Télécopieur :
 1111 Chemin Georgia O, Porte 2000, 20-426-,
 Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement
 (SCHL)
www.schl.ca



▼ Caroline Anctil---06/09/2016 02:14:24 PM---FYI - La demande a été exécutée. A+

From: Caroline Anctil/NAT/CMHC-SCHL/CA
 To: Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL,
 Date: 06/09/2016 02:14 PM
 Subject: Fw: First Time Homebuyers Data

FYI - La demande a été exécutée.

A+
 Caroline

Caroline Anctil
 Manager, Business Analysis and Lender Reporting
 Quality Assurance and Analytics
canctil@cmhc-schl.gc.ca
 Telephone: 613 748-2277
 Facsimile: 613 748-2814
 700 Montreal Road, A3-321, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation
 (CMHC)
www.cmhc.ca

Caroline Anctil
 Gestionn., Analyste activ. et rapp. sur prêteurs
 Assurance de la qualité et Analytique
canctil@cmhc-schl.gc.ca
 Téléphone : 613 748-2277
 Télécopieur : 613 748-2814
 700, Chemin Montreal, A3-321, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

----- Forwarded by Caroline Anctil/NAT/CMHC-SCHL/CA on 06/09/2016 05:13 PM -----

From: "Holden, Virginia OHCS:EX" <Virginia.Holden@gov.bc.ca>
 To: "canctil@cmhc-schl.gc.ca" <canctil@cmhc-schl.gc.ca>,
 Cc: "Steves, Gregory OHCS:EX" <Gregory.Steves@gov.bc.ca>, "ljakubec@cmhc-schl.gc.ca" <ljakubec@cmhc-schl.gc.ca>,
 "ddamour@cmhc-schl.gc.ca" <ddamour@cmhc-schl.gc.ca>
 Date: 06/09/2016 05:07 PM

Subject: Re: First Time Homebuyers Data

Thank you so much for this Caroline. I really appreciate meeting our quick timelines.

Regards,
Ginnie

Sent from my iPhone

On Sep 6, 2016, at 2:00 PM, "canctil@cmhc-schl.gc.ca<<mailto:canctil@cmhc-schl.gc.ca>>" <canctil@cmhc-schl.gc.ca<<mailto:canctil@cmhc-schl.gc.ca>>> wrote:

Hi Virginia,

Please find attached the default rates comparing FTHB in BC and for the country.

The file contains 2 tables as shown below; one for BC and one for Canada.

The default rate (claims rate) has been computed on the basis on loan counts and by origination year. For example, the FTHB loans originated in 2000 had a claims rate of in BC versus a claims rate of for Repeat Buyers. The default rates are presented on a vintage year basis in order to account for loan maturity levels i.e. recent vintages are not mature enough and that's why 2015 and 2016 are not shown.

The claims rates are presented since 2000 as data on residential status was more reliable starting that time.

<1B222587.gif>

The chart below gives you the FTHB comparison between BC and Canada.

<1B637233.gif>

(See attached file: BC FTHB Default Rate.xlsx)

Hope this helps. Let me know if you have questions or comments on the results provided.
Caroline

Caroline Anctil

Caroline Anctil

Manager, Business Analysis and Lender Reporting

Gestionn., Analyste activ. et rapp. sur prêteurs

Quality Assurance and Analytics

Assurance de la qualité et Analytique

canctil@cmhc-schl.gc.ca<<mailto:%20canctil@cmhc-schl.gc.ca>>

canctil@cmhc-schl.gc.ca<<mailto:%20canctil@cmhc-schl.gc.ca>>

Telephone: 613 748-2277

Téléphone : 613 748-2277

Facsimile: 613 748-2814

Télécopieur : 613 748-2814

700 Montreal Road, A3-321, Ottawa, ON, K1A 0P7

700, Chemin Montreal, A3-321, Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation (CMHC) <<http://www.cmhc-schl.gc.ca/>>
www.cmhc.ca<<http://www.cmhc-schl.gc.ca/>>

Société canadienne d'hypothèques et de logement (SCHL) <
<http://www.cmhc-schl.gc.ca/>>
www.schl.ca<<http://www.cmhc-schl.gc.ca/>>

<graycol.gif>"Holden, Virginia OHCS:EX" ---06/09/2016 12:54:15 PM---Hi
Caroline, I just left a voicemail for you. I received your contact details
from my ADM Greg Stev

From: "Holden, Virginia OHCS:EX" <Virginia.Holden@gov.bc.ca<
<mailto:Virginia.Holden@gov.bc.ca>>>
To: "'canctil@cmhc-schl.gc.ca<<mailto:canctil@cmhc-schl.gc.ca>>' "
<canctil@cmhc-schl.gc.ca<<mailto:canctil@cmhc-schl.gc.ca>>>,"
Cc: "'ljakubec@cmhc-schl.gc.ca<<mailto:ljakubec@cmhc-schl.gc.ca>>' "
<ljakubec@cmhc-schl.gc.ca<<mailto:ljakubec@cmhc-schl.gc.ca>>>," "Steves,
Gregory OHCS:EX" <Gregory.Steves@gov.bc.ca<<mailto:Gregory.Steves@gov.bc.ca>
>>
Date: 06/09/2016 12:54 PM
Subject: FW: Fw: First Time Homebuyers Data

Hi Caroline,

I just left a voicemail for you. I received your contact details from my
ADM Greg Steves. I also reached out to Lance Jakubec at CMHC here in BC.

We are looking for some rush information related to mortgage default rates
for first time homebuyers and for comparison default rates overall for BC.
Unfortunately, I am hoping to get my hands on the info by noon today PST.

Would you be able to connect me with the information or with someone who

can?

Please feel free to give me a call to discuss.

Thank you.

Ginnie
Manager of Policy
Housing Policy Branch
Province of British Columbia
250-889-3521

From: Steves, Gregory OHCS:EX
Sent: Tuesday, September 6, 2016 9:38 AM
To: Holden, Virginia OHCS:EX
Subject: FW: Fw: First Time Homebuyers Data

Maybe call this person direct.

Greg Steves
250-361-7145

From: canctil@cmhc-schl.gc.ca<<mailto:canctil@cmhc-schl.gc.ca>> [<mailto:canctil@cmhc-schl.gc.ca>]
Sent: Thursday, July 28, 2016 4:40 AM
To: Steves, Gregory OHCS:EX
Cc: amidlet@cmhc-schl.gc.ca<<mailto:amidlet@cmhc-schl.gc.ca>>;
ddamour@cmhc-schl.gc.ca<<mailto:ddamour@cmhc-schl.gc.ca>>;
hparbhu@cmhc-schl.gc.ca<<mailto:hparbhu@cmhc-schl.gc.ca>>;
ljakubec@cmhc-schl.gc.ca<<mailto:ljakubec@cmhc-schl.gc.ca>>;
csanfaco@cmhc-schl.gc.ca<<mailto:csanfaco@cmhc-schl.gc.ca>>
Subject: Re: Fw: First Time Homebuyers Data

Hi Greg,

Please find attached the requested info on FTHB in BC (1-volumes by income and price ranges and 2) finer income ranges (5k increments))

(See attached file: BC FTHB details (Incomes & house prices).xlsx)

Do not hesitate to contact me if you have further questions on this.
Caroline A.

Caroline Anctil

Caroline Anctil

Manager, Business Analysis and Lender Reporting

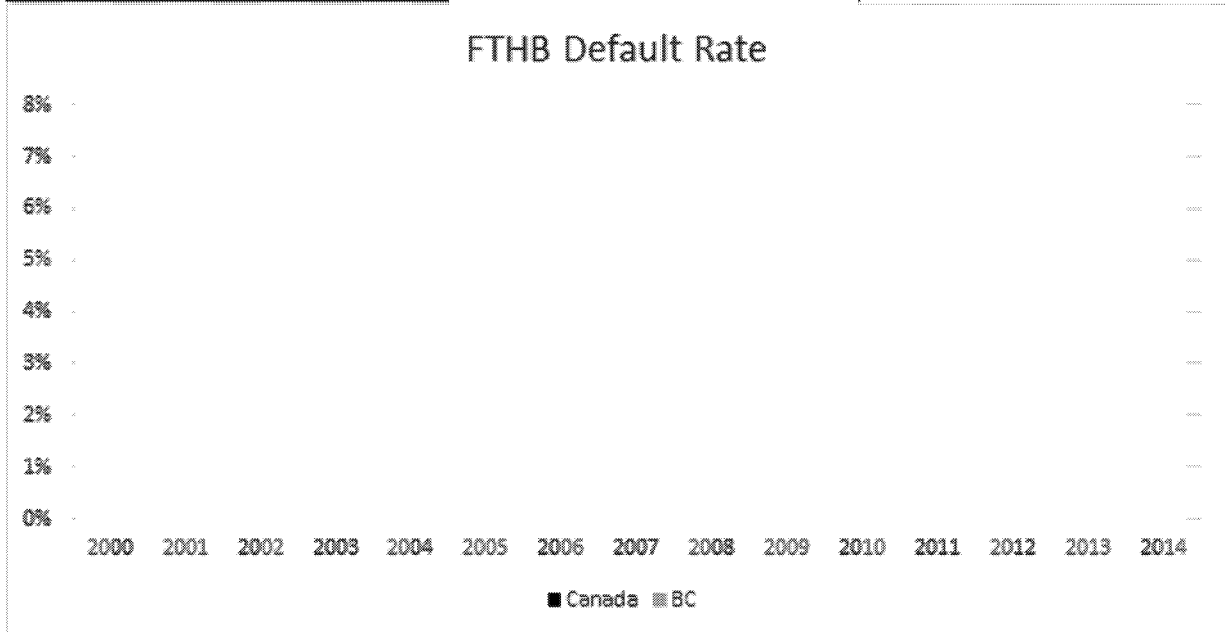
Gestionn., Analyste activ. et rapp. sur prêteurs

Quality Assurance and Analytics

Assurance de la qualité et Analytique

canctil@cmhc-schl.gc.ca<<mailto:%20canctil@cmhc-schl.gc.ca>>

Filter	Origination Year	FTHB	Repeat Buyer	Total
BC	2000			
	2001			
	2002			
	2003			
	2004			
	2005			
	2006			
	2007			
	2008			
	2009			
	2010			
	2011			
	2012			
	2013			
	2014			
Total				



s.18(a)

s.18(b)

Fw: First Time Homebuyers Data
Caroline Sanfacon

to:

Caroline Anctil
2016-09-16 06:47 PM

Classification:

Hide Details

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA

To: Caroline Anctil/NAT/CMHC-SCHL/CA@cmhc-schl,
5 Attachments



image005.jpg image004.jpg image003.gif image002.gif image001.gif

Can you help Greg with this pls?

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Steves, Gregory OHCS:EX <Gregory.Steves@gov.bc.ca>

Sent: Friday, September 16, 2016 3:34 PM

To: 'canctil@cmhc-schl.gc.ca'; MCF R, 300-3003 ST JOHNS ST, LRG BRD RM (15 SEATS) MCF:EX; 'csanfac@cmhc-schl.gc.ca'

Cc: 'ljakubec@cmhc-schl.gc.ca'; ddamour@cmhc-schl.gc.ca; Holden, Virginia OHCS:EX

Subject: RE: FW: Fw: First Time Homebuyers Data

Caroline,

The data has proven itself to be very helpful and we are getting close to being finished. We have had a request to dig a little deeper and I wonder if it is possible to get two years of data? It's hard to make any projections based on two quarters of info.

Specifically we are hoping to see at least two years of data for:

<!--[if !supportLists]-->1. <!--[endif]-->The number of first-time home buyers by purchase price (with the purchase price in \$5K or \$10K increments)

<!--[if !supportLists]-->2. <!--[endif]-->The number of first-time home buyers by income brackets (also with income in \$5K or \$10K increments)

I know it's a lot to ask. The data we've received to date has been fantastic and we are very close to being finished our work.

Regards,

Greg Steves
250-361-7145

From: canctil@cmhc-schl.gc.ca [<mailto:canctil@cmhc-schl.gc.ca>]

Sent: Tuesday, September 6, 2016 2:00 PM

To: Holden, Virginia OHCS:EX

Cc: Steves, Gregory OHCS:EX; 'ljakubec@cmhc-schl.gc.ca'; ddamour@cmhc-schl.gc.ca

Subject: Re: FW: Fw: First Time Homebuyers Data

Hi Virginia,

Please find attached the default rates comparing FTHB in BC and for the country.

The file contains 2 tables as shown below; one for BC and one for Canada.

The default rate (claims rate) has been computed on the basis on loan counts and by origination year. For example, the FTHB loans originated in 2000 had a claims rate of _____ in BC versus a claims rate of _____ for Repeat Buyers. The default rates are presented on a vintage year basis in order to account for loan maturity levels i.e. recent vintages are not mature enough and that's why 2015 and 2016 are not shown.

The claims rates are presented since 2000 as data on residential status was more reliable starting that time.

A0017138_1-000022

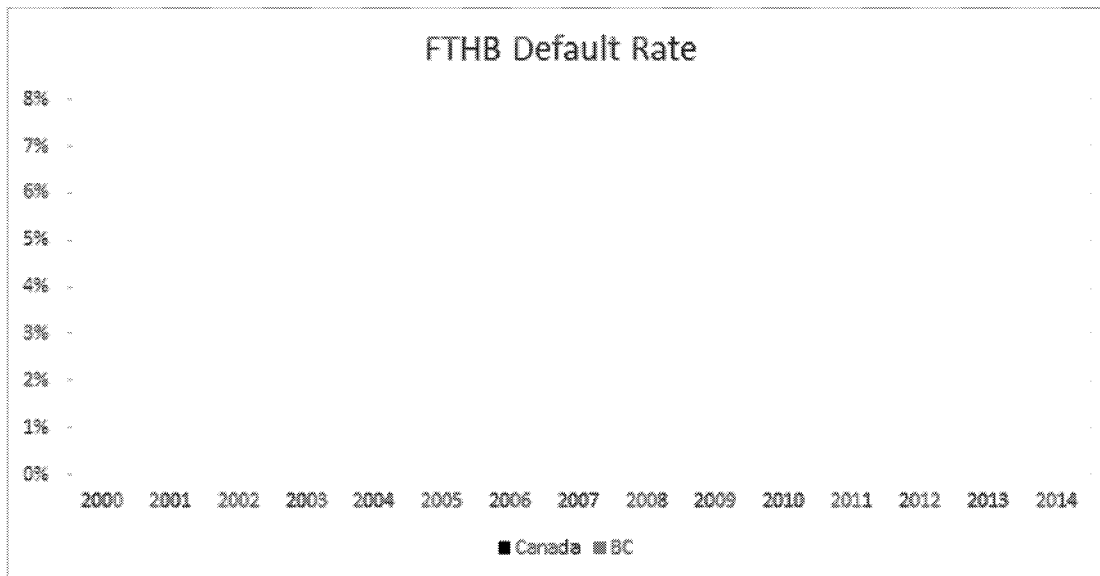
file:///C:/Users/cmongrai.CMHC-SCHL/AppData/Local/Temp/notesC7A056/~web61... 2017-01-31

filter	▼ Origination Year	▼ FTTHB	▼ Repeat Buyer	▼ Total
BC	2000			
	2001			
	2002			
	2003			
	2004			
	2005			
	2006			
	2007			
	2008			
	2009			
	2010			
	2011			
	2012			
	2013			
	2014			
Total				

s.18(a)

s.18(b)

The chart below gives you the FTTHB comparison between BC and Canada.



(See attached file: BC FTTHB Default Rate.xlsx)

Hope this helps. Let me know if you have questions or comments on the results provided.

Caroline

Caroline Anctil
 Manager, Business Analysis and Lender Reporting
 Quality Assurance and Analytics
canctil@cmhc-schl.gc.ca
 Telephone: 613 748-2277
 Facsimile: 613 748-2814
 700 Montreal Road, A3-321, Ottawa, ON, K1A 0P7
 Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Anctil
 Gestionn., Analyste activ. et rapp. sur prêteurs
 Assurance de la qualité et Analytique
canctil@cmhc-schl.gc.ca
 Téléphone : 613 748-2277
 Télécopieur : 613 748-2814
 700, Chemin Montreal, A3-321, Ottawa, ON, K1A 0P7
 Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca


▼ "Holden, Virginia OHCS:EX" ---06/09/2016 12:54:15 PM---Hi Caroline, I just left a voicemail for you. I received your contact details from my ADM Greg Stev

From: "Holden, Virginia OHCS:EX" <Virginia.Holden@gov.bc.ca>
 To: "canctil@cmhc-schl.gc.ca" <canctil@cmhc-schl.gc.ca>,
 Cc: "ljakubec@cmhc-schl.gc.ca" <ljakubec@cmhc-schl.gc.ca>, "Steves, Gregory OHCS:EX" <Gregory.Steves@gov.bc.ca>
 Date: 06/09/2016 12:54 PM
 Subject: FW: Fw: First Time Homebuyers Data

A0017138_2-000023

file:///C:/Users/cmongrai.CMHC-SCHL/AppData/Local/Temp/notesC7A056/~web61... 2017-01-31



Re: BC - FTHB 
Caroline Sanfacon to: Michel A Tremblay
Classification: PROTECTED - Federal-Provincial Affairs

2016-10-28 12:18 PM

Less Value: Transitory Record

Bonjour Michel, voici ma compréhension :

s.20(1)(b)

s.21(1)(a)

s.21(1)(b)

Down Payment Assistance for First Time HomeBuyers

- Borrowers will be requested to put down at least 5% of their own resources
- Province will provide a loan to the borrower for 5% of the value of the home
- The province loan does not have interest or payment required during the first 5 yrs
- The original loan amount will become due at the end of the term, it is expected to be repaid in full via a refinance of the 1st mortgage.

- A request was made to CMHC to consider waiving the surcharge required when the minimum downpayment does not come from the borrowers' own resources (or gift/grants). While it is not an issue when the value of the home is below \$500k, the minimum required downpayment is greater than 5% when the value of the home is between \$500k and \$1M. A request has been made to Insurance for consideration.

Caroline

▼ Michel A Tremblay---27/10/2016 02:19:35 PM---Allo Caroline à la dernière réunion du comité de gestion, tu as mentionné que la province de CB avai

From: Michel A Tremblay/NAT/CMHC-SCHL/CA
To: Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL,
Date: 27/10/2016 02:19 PM
Subject: BC - FTHB

A0017139_1-000027

Allo Caroline

à la dernière réunion du comité de gestion, tu as mentionné que la province de CB avait introduit 2 nouvelles initiatives pour encourager l'achat des premières propriétés.

Est-ce que tu pourrais me donner un sommaire des deux initiatives ou me pointer dans la bonne direction.

merci

Michel

Michel Tremblay
Senior Vice-President, Policy, Research and Public Affairs
Policy, Research and Public Affairs
matrembl@cmhc-schl.gc.ca
Telephone: 613 748-2994
Facsimile: 613 748-2402
700 Montreal Road, Ottawa, ON, K1A 0P7
[Canada Mortgage and Housing Corporation](#)
(CMHC)
www.cmhc.ca

Michel Tremblay
Premier vice-président, Politiques, Recherche et Relations publiques
Politiques, Recherches et Relations publiques
matrembl@cmhc-schl.gc.ca
Téléphone : 613 748-2994
Télécopieur : 613 748-2402
700, Chemin Montreal, Ottawa, ON, K1A 0P7
[Société canadienne d'hypothèques et de logement \(SCHL\)](#)
www.schl.ca

s.20(1)(b)

s.21(1)(b)



Fw: BC - FTHB
 Caroline Sanfacon
 to:
 Michel A Tremblay
 2016-10-28 05:48 PM
 Classification:
 PROTECTED - Federal-Provincial Affairs
 Hide Details Business Value: Transitory Record
 From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
 To: Michel A Tremblay/NAT/CMHC-SCHL/CA@CMHC-SCHL,

Bonjour Michel,
 things have changed since I sent you the note :

Cabinet has now approved the 2 initiatives with the following amendments to the down payment assistance program: provincial assistance will be provided on sliding scale basis ranging from 2.5%-5%.

I also confirmed to the Province that we will not provide an exception to our pricing policy. I discussed that with Evan and as expected this measure is countering other federal government initiatives and we cannot support.

Caroline

----- Forwarded by Caroline Sanfacon/BCY/CMHC-SCHL/CA on 28/10/2016 02:44 PM -----

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
 To: Michel A Tremblay/NAT/CMHC-SCHL/CA@CMHC-SCHL,
 Date: 28/10/2016 09:18 AM
 Subject: Re: BC - FTHB

Bonjour Michel, voici ma compréhension :

Down Payment Assistance for First Time HomeBuyers

- Borrowers will be requested to put down at least 5% of their own resources
- Province will provide a loan to the borrower for 5% of the value of the home
- The province loan does not have interest or payment required during the first 5 yrs
- The original loan amount will become due at the end of the term, it is expected to be repaid in full via a refinance of the 1st mortgage.
- A request was made to CMHC to consider waiving the surcharge required when the minimum downpayment does not come from the borrowers' own resources (or gift/grants). While it is not an issue when the value of the home is below \$500k, the minimum required downpayment is greater than 5% when the value of the home is between \$500k and \$1M. A request has been made to Insurance for consideration.

The other consideration is that the Province is counting on a steady increase in value so that borrowers can repay the 5% after 5 yrs through refinance which is limited to 80% LTV.

A0017140_1-000029

Caroline

▼ Michel A Tremblay---27/10/2016 02:19:35 PM---Allo Caroline à la dernière réunion du comité de gestion, tu as mentionné que la province de CB avai

From: Michel A Tremblay/NAT/CMHC-SCHL/CA
To: Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL,
Date: 27/10/2016 02:19 PM
Subject: BC - FTHB

Allo Caroline

à la dernière réunion du comité de gestion, tu as mentionné que la province de CB avait introduit 2 nouvelles initiatives pour encourager l'achat des premières propriétés.

Est-ce que tu pourrais me donner un sommaire des deux initiatives ou me pointer dans la bonne direction.

merci

Michel

Michel Tremblay
Senior Vice-President, Policy, Research and Public Affairs
Policy, Research and Public Affairs
matrembl@cmhc-schl.gc.ca
Telephone: 613 748-2994
Facsimile: 613 748-2402
700 Montreal Road, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Michel Tremblay
Premier vice-président, Politiques, Recherche et Relations publiques
Politiques, Recherches et Relations publiques
matrembl@cmhc-schl.gc.ca
Téléphone : 613 748-2994
Télécopieur : 613 748-2402
700, Chemin Montreal, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



RE: FW: Fw: First Time Homebuyers Data 
Caroline Sanfacon to: Caroline Anctil
 Classification: PROTECTED

2016-10-03 03:08 PM

less Value: Transitory Record

Caroline,

la Province aimerait savoir la proportion des FTHB de C-B qui ont un TDS supérieur à 40% et supérieur à 42%.

Est-ce possible de leur fournir l'information stp (le plus tôt possible)?

(Ils essaient de déterminer l'impact de l'annonce aujourd'hui sur la memorandum au cabinet qu'ils préparent)

Merci

Caroline

Caroline Sanfacon
 Regional Vice-President
 Office of the Regional VP (British Columbia)
csanfaco@cmhc-schl.gc.ca
 Telephone: 604 737-4150
 Facsimile:
 1111 West Georgia, Suite 2000, 20-426-, Vancouver,
 BC, V6E 4M3
 Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfacon
 Vice-présidente régionale
 Bureau du vice-président régional, C.-B.
csanfaco@cmhc-schl.gc.ca
 Téléphone : 604 737-4150
 Télécopieur :
 1111 Chemin Georgia O, Porte 2000, 20-426-,
 Vancouver, BC, V6E 4M3
 Société canadienne d'hypothèques et de logement
 (SCHL)
www.schl.ca



▼ Caroline Anctil---20/09/2016 09:45:28 AM---Hi Greg, Please find attached the requested information. Distributions on originations from 2010 to

From: Caroline Anctil/NAT/CMHC-SCHL/CA
 To: "Steves, Gregory OHCS:EX" <Gregory.Steves@gov.bc.ca>,
 Cc: "csanfaco@cmhc-schl.gc.ca" <csanfaco@cmhc-schl.gc.ca>, "ddamour@cmhc-schl.gc.ca" <ddamour@cmhc-schl.gc.ca>,
 "ljakubec@cmhc-schl.gc.ca" <ljakubec@cmhc-schl.gc.ca>, "MCF R, 300-3003 ST JOHNS ST, LRG BRD RM (15 SEATS)
 MCF:EX" <SJSILBRM@gov.bc.ca>, "Holden, Virginia OHCS:EX" <Virginia.Holden@gov.bc.ca>
 Date: 20/09/2016 09:45 AM
 Subject: RE: FW: Fw: First Time Homebuyers Data

Hi Greg,

Please find attached the requested information. Distributions on originations from 2010 to YTD June 2016 have been provided. This should provide you enough history to draw conclusions.

[attachment "FTHB Charts_Income.xlsx" deleted by Caroline Sanfacon/BCY/CMHC-SCHL/CA]
[attachment "FTHB Charts_Price.xlsx" deleted by Caroline Sanfacon/BCY/CMHC-SCHL/CA]

Cheers,
Caroline

Caroline Anctil
Manager, Business Analysis and Lender Reporting
Quality Assurance and Analytics
canctil@cmhc-schl.gc.ca
Telephone: 613 748-2277
Facsimile: 613 748-2814
700 Montreal Road, A3-321, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation

(CMHC)
www.cmhc.ca

Caroline Anctil
Gestionn., Analyste activ. et rapp. sur prêteurs
Assurance de la qualité et Analytique
canctil@cmhc-schl.gc.ca
Téléphone : 613 748-2277
Télécopieur : 613 748-2814
700, Chemin Montreal, A3-321, Ottawa, ON, K1A 0P7

Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

▼ "Steves, Gregory OHCS:EX" ---16/09/2016 06:34:29 PM---Caroline, The data has proven itself to be very helpful and we are getting close to being finished.

From: "Steves, Gregory OHCS:EX" <Gregory.Steves@gov.bc.ca>
To: "canctil@cmhc-schl.gc.ca" <canctil@cmhc-schl.gc.ca>, "MCF R, 300-3003 ST JOHNS ST, LRG BRD RM (15 SEATS) MCF:EX" <SJSLBRM@gov.bc.ca>, "csanfac@cmhc-schl.gc.ca" <csanfac@cmhc-schl.gc.ca>,
Cc: "ljakubec@cmhc-schl.gc.ca" <ljakubec@cmhc-schl.gc.ca>, "ddamour@cmhc-schl.gc.ca" <ddamour@cmhc-schl.gc.ca>,
"Holden, Virginia OHCS:EX" <Virginia.Holden@gov.bc.ca>
Date: 16/09/2016 06:34 PM
Subject: RE: FW: Fw: First Time Homebuyers Data

Caroline,

The data has proven itself to be very helpful and we are getting close to being finished. We have had a request to dig a little deeper and I wonder if it is possible to get two years of data? It's hard to make any projections based on two quarters of info.

Specifically we are hoping to see at least two years of data for:

1. The number of first-time home buyers by purchase price (with the purchase price in \$5K or \$10K increments)
2. The number of first-time home buyers by income brackets (also with income in \$5K or \$10K increments)

I know it's a lot to ask. The data we've received to date has been fantastic and we are very close to being finished our work.

Regards,

Greg Steves
250-361-7145

From: canctil@cmhc-schl.gc.ca [<mailto:canctil@cmhc-schl.gc.ca>]
Sent: Tuesday, September 6, 2016 2:00 PM
To: Holden, Virginia OHCS:EX

Cc: Steves, Gregory OHCS:EX; 'ljakubec@cmhc-schl.gc.ca'; ddamour@cmhc-schl.gc.ca
Subject: Re: FW: Fw: First Time Homebuyers Data

Hi Virginia,

Please find attached the default rates comparing FTHB in BC and for the country.

The file contains 2 tables as shown below; one for BC and one for Canada.

The default rate (claims rate) has been computed on the basis on loan counts and by origination year. For example, the FTHB loans originated in 2000 had a claims rate of _____ in BC versus a claims rate of _____ for Repeat Buyers. The default rates are presented on a vintage year basis in order to account for loan maturity levels i.e. recent vintages are not mature enough and that's why 2015 and 2016 are not shown.

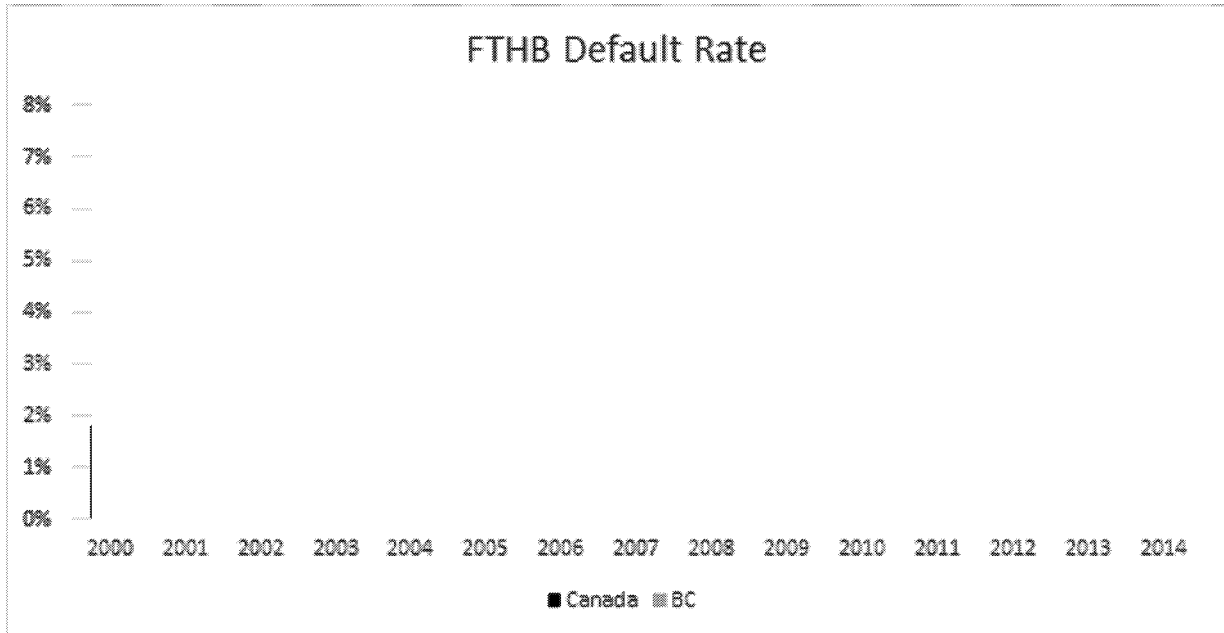
The claims rates are presented since 2000 as data on residential status was more reliable starting that time.

Filter	Origination Year	FTHB	Repeat Buyer	Total
BC	2000			
	2001			
	2002			
	2003			
	2004			
	2005			
	2006			
	2007			
	2008			
	2009			
	2010			
	2011			
	2012			
	2013			
2014				
Total				

The chart below gives you the FTHB comparison between BC and Canada.

s.18(a)

s.18(b)



(See attached file: BC FT HB Default Rate.xlsx)

Hope this helps. Let me know if you have questions or comments on the results provided.

Caroline

Caroline Anctil

Manager, Business Analysis and Lender Reporting
Quality Assurance and Analytics
canctil@cmhc-schl.gc.ca
Telephone: 613 748-2277
Facsimile: 613 748-2814
700 Montreal Road, A3-321, Ottawa, ON, K1A 0P7
[Canada Mortgage and Housing Corporation](#)

(CMHC)

www.cmhc.ca

Caroline Anctil

Gestionn., Analyste activ. et rapp. sur prêteurs
Assurance de la qualité et Analytique
canctil@cmhc-schl.gc.ca
Téléphone : 613 748-2277
Télécopieur : 613 748-2814
700, Chemin Montreal, A3-321, Ottawa, ON, K1A 0P7

[Société canadienne d'hypothèques et de logement \(SCHL\)](#)

www.schl.ca

☞ "Holden, Virginia OHCS:EX" ---06/09/2016 12:54:15 PM---Hi Caroline, I just left a voicemail for you. I received your contact details from my ADM Greg Stev

From: "Holden, Virginia OHCS:EX" <Virginia.Holden@gov.bc.ca>

To: "canctil@cmhc-schl.gc.ca" <canctil@cmhc-schl.gc.ca> ,

Cc: "ljakubec@cmhc-schl.gc.ca" <ljakubec@cmhc-schl.gc.ca> , "Steves, Gregory OHCS:EX" <Gregory.Steves@gov.bc.ca>

Date: 06/09/2016 12:54 PM

Subject: FW: Fw: First Time Homebuyers Data

Hi Caroline,

I just left a voicemail for you. I received your contact details from my ADM Greg Steves. I also reached out to Lance Jakubec at CMHC here in BC.

We are looking for some rush information related to mortgage default rates for first time homebuyers and for comparison default rates overall for BC. Unfortunately, I am hoping to get my hands on the info by noon

A0017141_4-000034

today PST.

Would you be able to connect me with the information or with someone who can?

Please feel free to give me a call to discuss.

Thank you.

Ginnie
Manager of Policy
Housing Policy Branch
Province of British Columbia
250-889-3521

From: Steves, Gregory OHCS:EX
Sent: Tuesday, September 6, 2016 9:38 AM
To: Holden, Virginia OHCS:EX
Subject: FW: Fw: First Time Homebuyers Data

Maybe call this person direct.

Greg Steves
250-361-7145

From: canctil@cmhc-schl.gc.ca [<mailto:canctil@cmhc-schl.gc.ca>]
Sent: Thursday, July 28, 2016 4:40 AM
To: Steves, Gregory OHCS:EX
Cc: amiddlet@cmhc-schl.gc.ca; ddamour@cmhc-schl.gc.ca; hparbhu@cmhc-schl.gc.ca; ljakubec@cmhc-schl.gc.ca; csanfaco@cmhc-schl.gc.ca
Subject: Re: Fw: First Time Homebuyers Data

Hi Greg,

Please find attached the requested info on FTHB in BC (1-volumes by income and price ranges and 2) finer income ranges (5k increments))

(See attached file: BC FTHB details (Incomes & house prices).xlsx)

Do not hesitate to contact me if you have further questions on this.

Caroline A.

Caroline Anctil
Manager, Business Analysis and Lender Reporting
Quality Assurance and Analytics
canctil@cmhc-schl.gc.ca
Telephone: 613 748-2277
Facsimile: 613 748-2814
700 Montreal Road, A3-321, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation
(CMHC)
www.cmhc.ca

Caroline Anctil
Gestionn., Analyste activ. et rapp. sur prêteurs
Assurance de la qualité et Analytique
canctil@cmhc-schl.gc.ca
Téléphone : 613 748-2277
Télécopieur : 613 748-2814
700, Chemin Montreal, A3-321, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

☞ Caroline Sanfacon---27/07/2016 12:16:07 PM---Caroline,

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
To: Caroline Anctil/NAT/CMHC-SCHL/CA@cmhc-schl,

A0017141_5-000035



Fw: First Time Homebuyers Data
Caroline Sanfacon

to:

gregory.Steves

2016-07-21 08:12 PM

Cc:

Andrew W Middleton, Lance Jakubec, Debbie G Stewart

Classification:

PROTECTED - Federal-Provincial Affairs

Hide Details Business Value: Transitory Record

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA

To: gregory.Steves@gov.bc.ca,

Cc: Andrew W Middleton/BCY/CMHC-SCHL/CA@CMHC-SCHL, Lance Jakubec/BCY/CMHC-SCHL/CA@CMHC-SCHL, Debbie G Stewart/NAT/CMHC-SCHL/CA@CMHC-SCHL

1 Attachment



BC Government Data Request (July 20, 2016).pdf

Hi Greg,

please see attached information we have compiled following your request about CMHC data on First Time Homebuyers in BC. The information provided is based on CMHC transactional insurance business only.

Let me know if you have any questions. Happy to discuss.

(See attached file: BC Government Data Request (July 20, 2016).pdf)

Caroline

Caroline Sanfacon
Regional Vice-President
Office of the Regional VP (British Columbia)
csanfaco@cmhc-schl.gc.ca
Telephone: 604 737-4150
Facsimile:
1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfacon
Vice-présidente régionale
Bureau du vice-président régional, C.-B.
csanfaco@cmhc-schl.gc.ca
Téléphone : 604 737-4150
Télécopieur :
1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



PROTECTED – CMHC Commercial/Competitive

British Columbia Government Request for information on First-Time Home Buyers

Prepared by Business Analysis and Lender Reporting

Canada

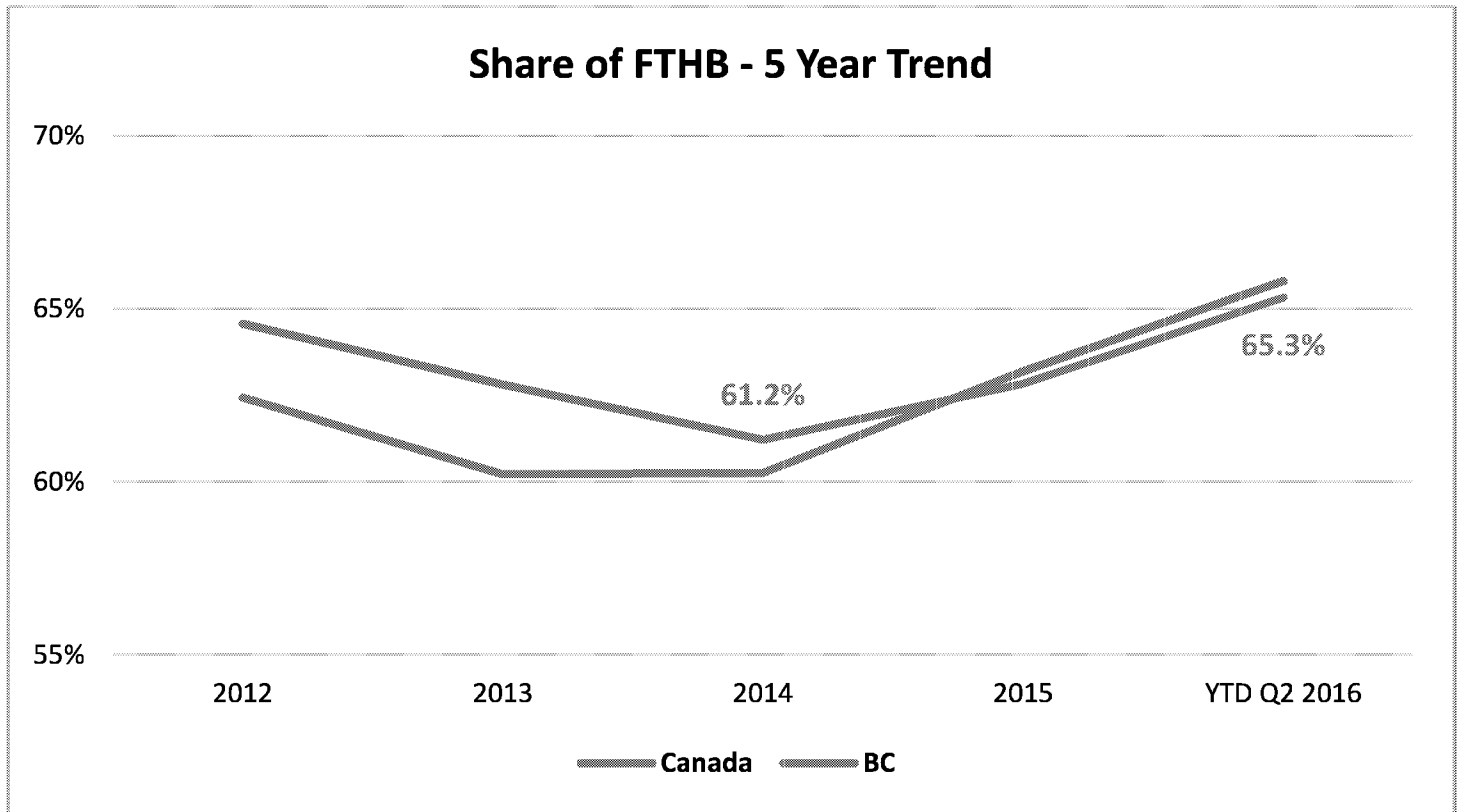


A0017143_1-000039

Methodology

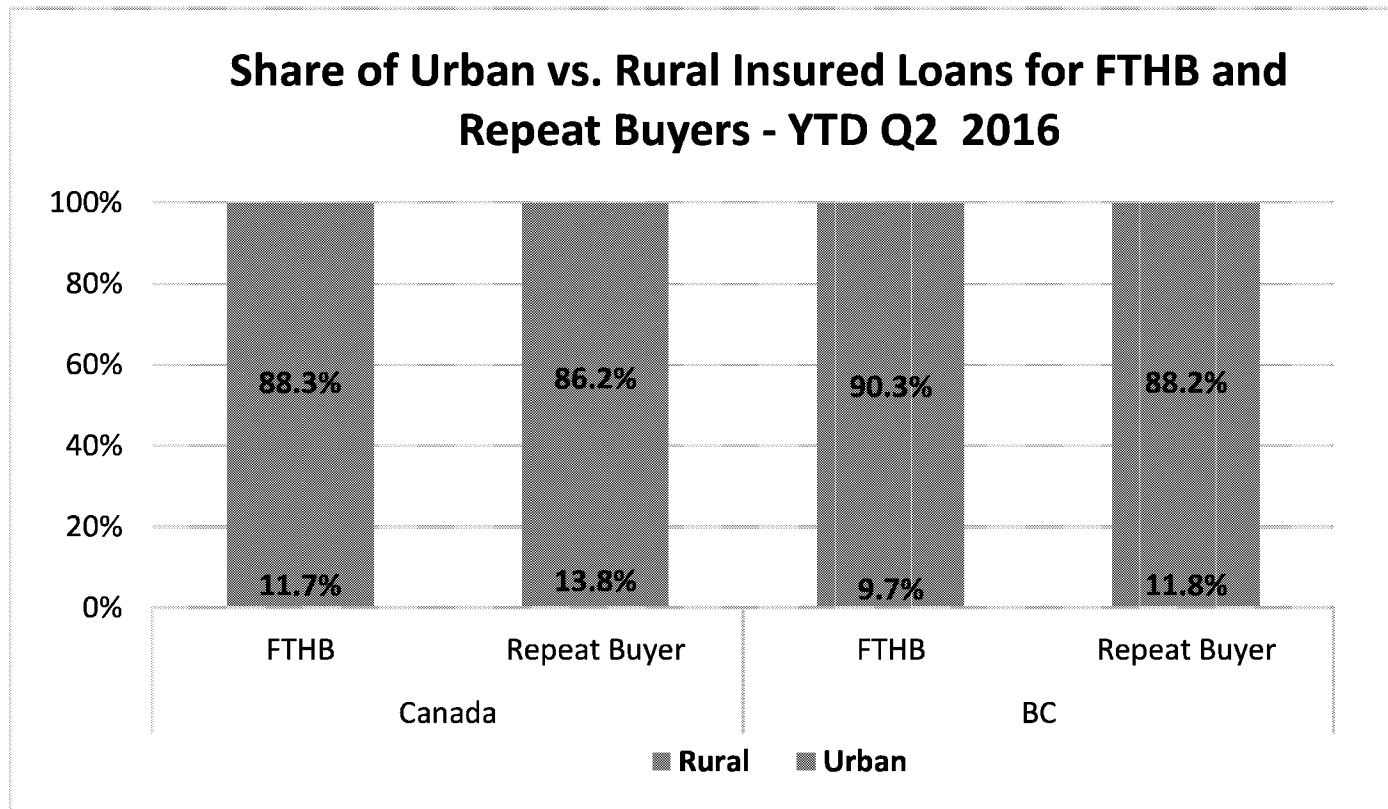
- CMHC insured Purchase business in YTD June 30th, 2016 was used to profile the First-Time Home Buyer (FTHB) applicants.
 - Note that the selection logic used for the profiling analysis was the same as for CMHC Quarterly Insurance Business Supplement
- The analysis focused on CMHC's transactional purchase business funded in British Columbia where a comparison with the national level was performed.
-

FTHB share increased since 2014 for both BC and Canada but less rapidly in BC



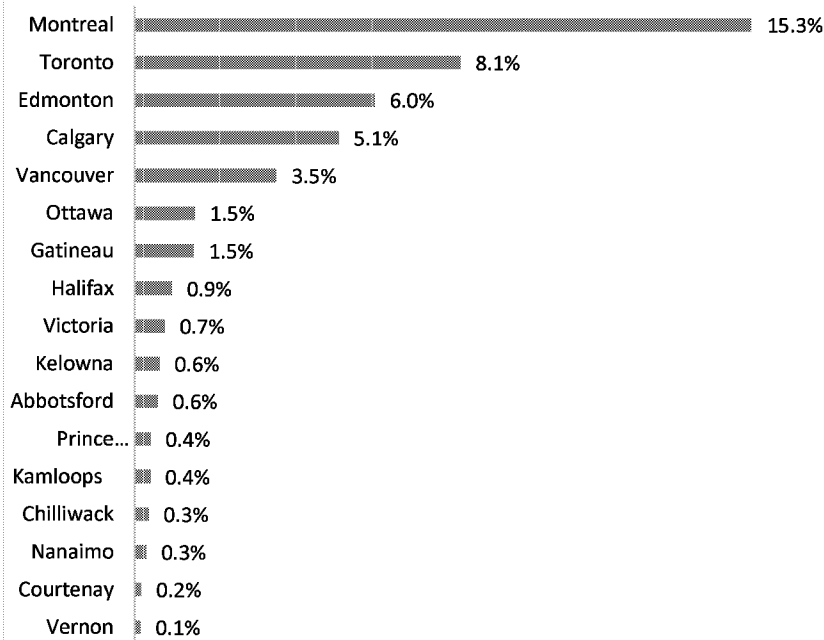
Note that BC represented about 10% of CHMC transactional insured purchase business in YTD June 2016 and the province contributed about 7% of the total FTHB applicants in Canada.

A property located in urban settings is the preferred option and more importantly in BC

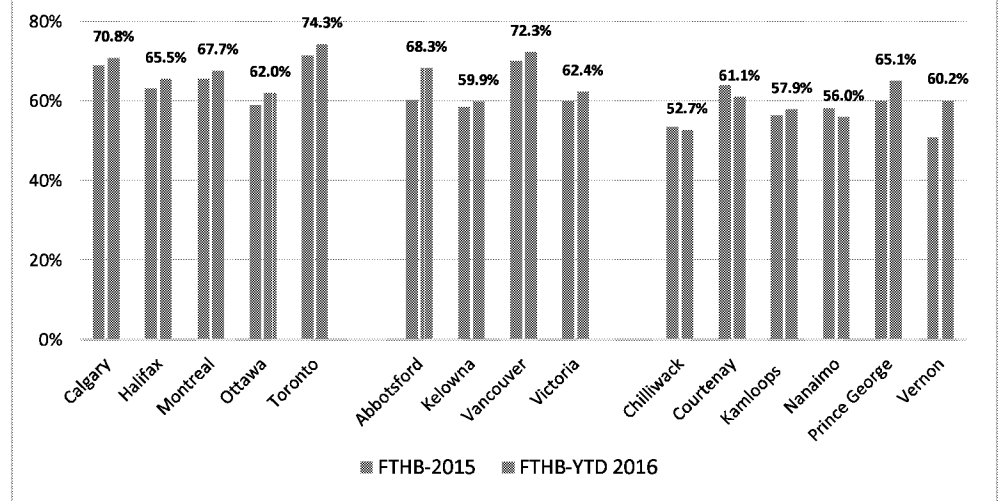


BC's Largest Centres hold about 5% of Canada's FTHBs.

Distribution of FTHB in Canada by Selected CMAs and CAs - YTD Q2 2016



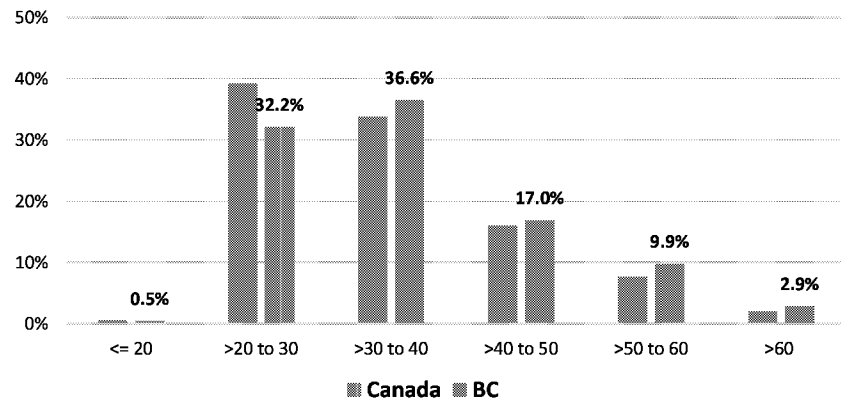
FTHB as a Share of Loans for Selected CMAs and CAs - 2015 vs. 2016



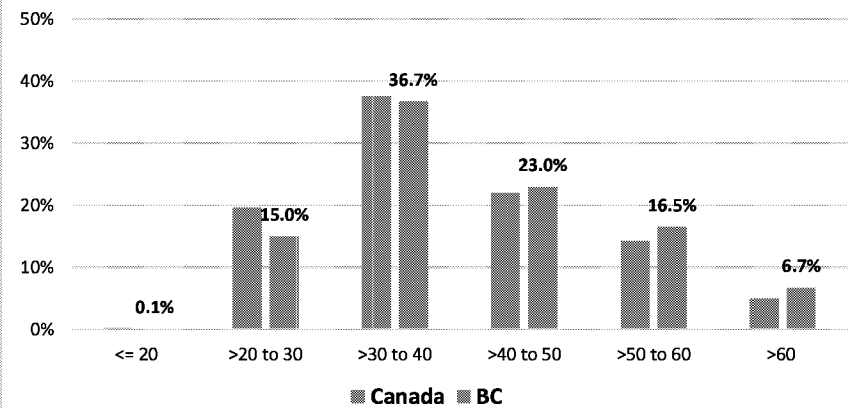
The FTHB share increased in 2016 to 72.3% in Vancouver, the highest share among the metropolitan areas in BC and above the provincial average (65.3%).

FTHBs are typically younger than Repeat Buyers

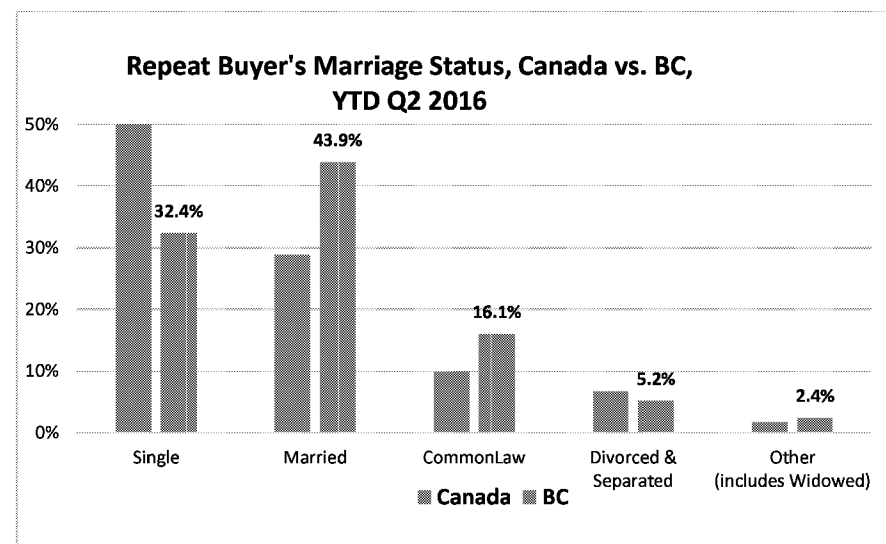
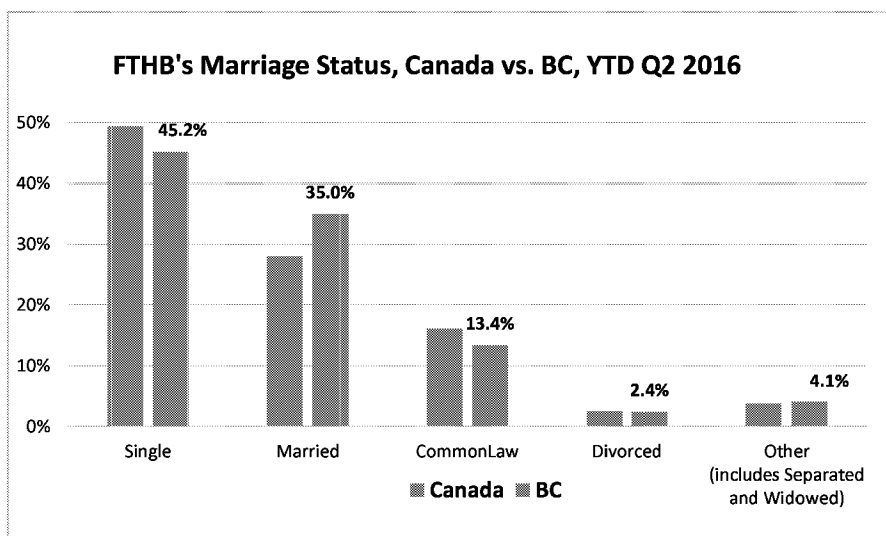
Primary FTHB's Age, Canada vs. BC, YTD Q2 2016



Primary Repeat Buyers Age, Canada vs. BC, YTD Q2 2016

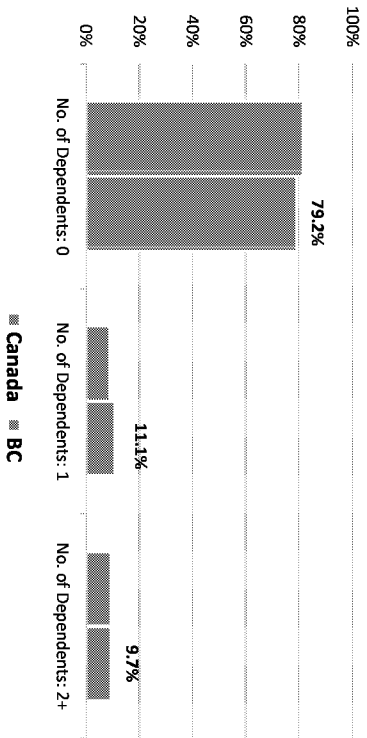


FTHBs are less likely to be married than Repeat Buyers

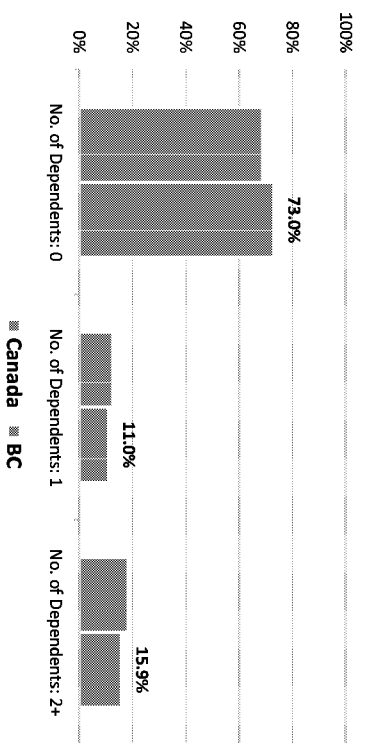


FTHBs typically do not have dependents

Number of Dependents for FTHB YTD Q2 2016

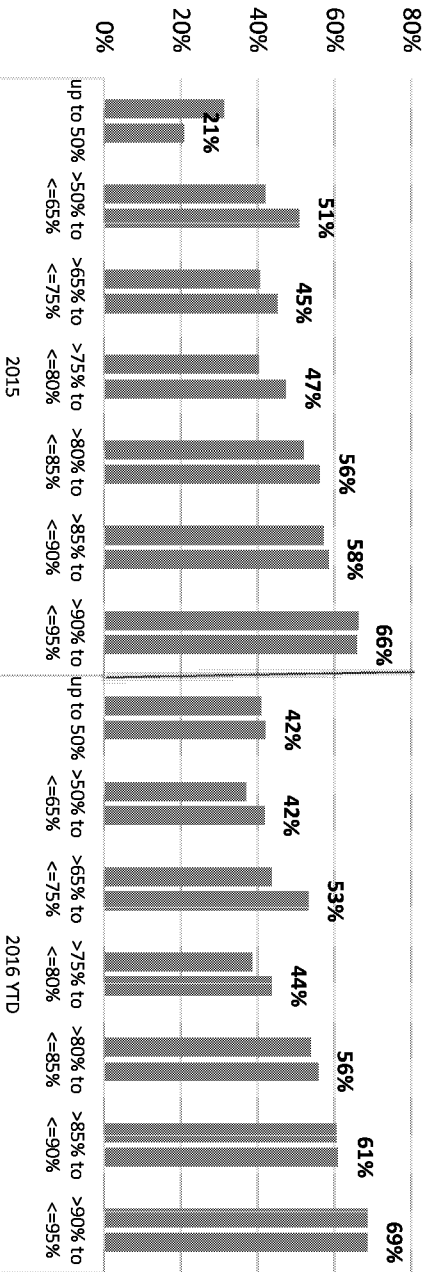


Number of Dependents for Repeat Buyer YTD Q2 2016



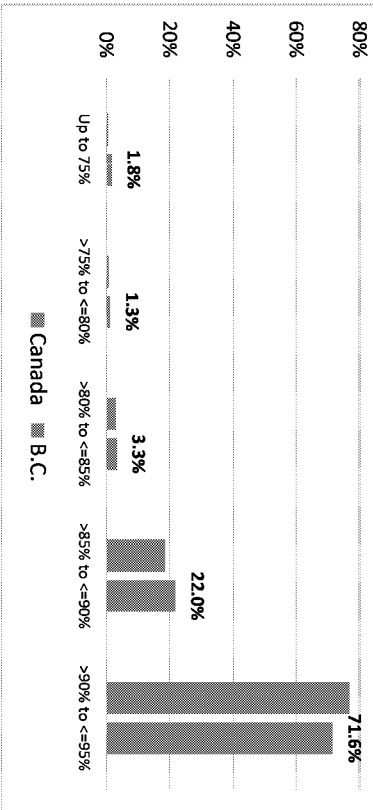
The FTHB share grows with the loan-to-value level; the higher the LTV the higher the FTHB share

Share of loans that are FTHB by LTV

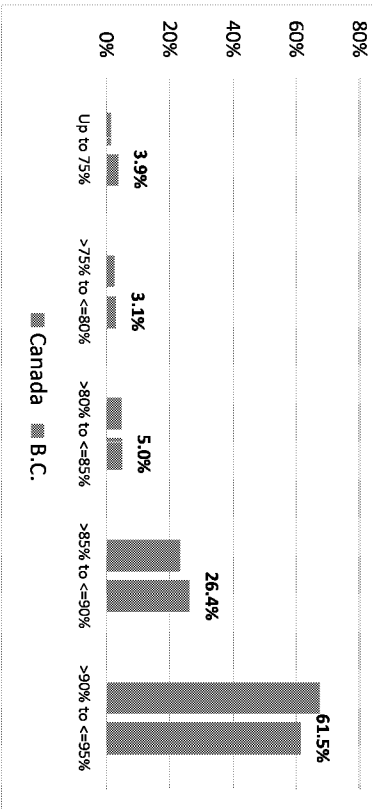


Average LTV (%)	2015	YTD Q2 2016
Canada	92.7	92.8
BC	92.0	91.9

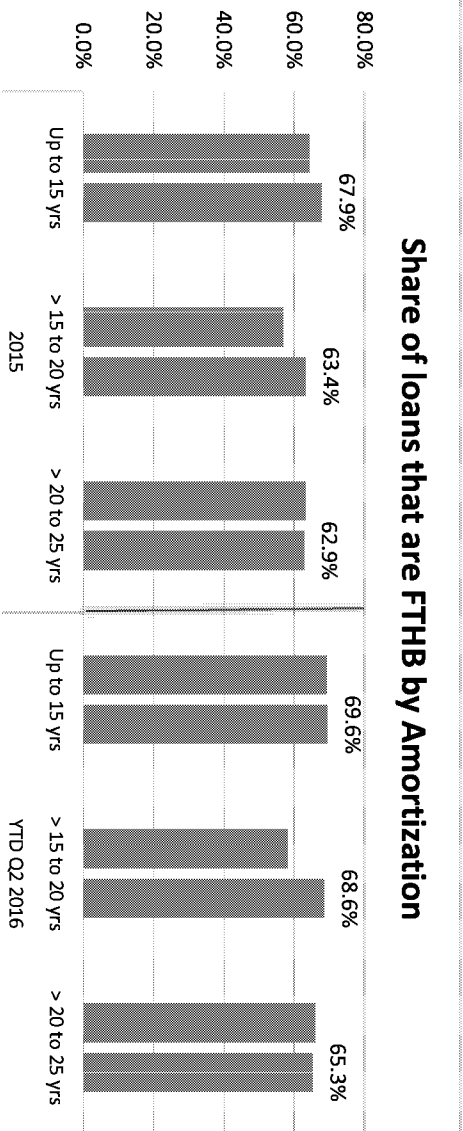
FTHB LTV Distribution - YTD Q2 2016



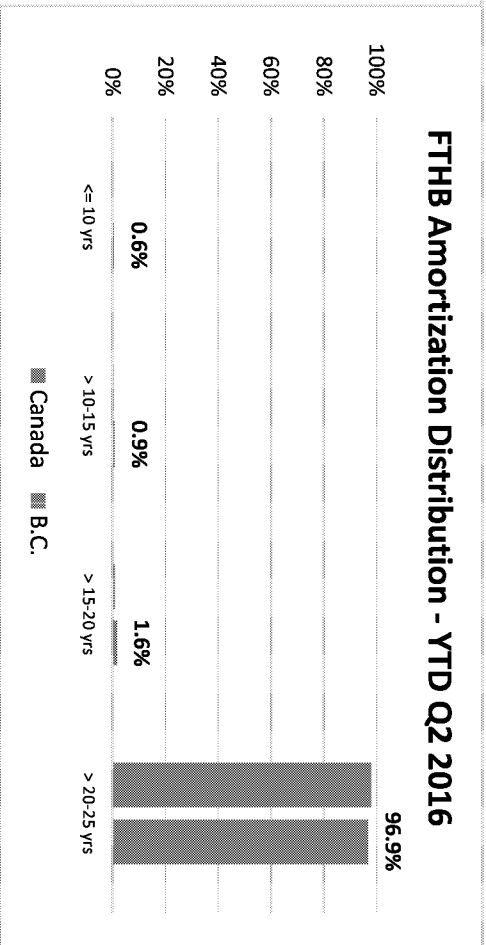
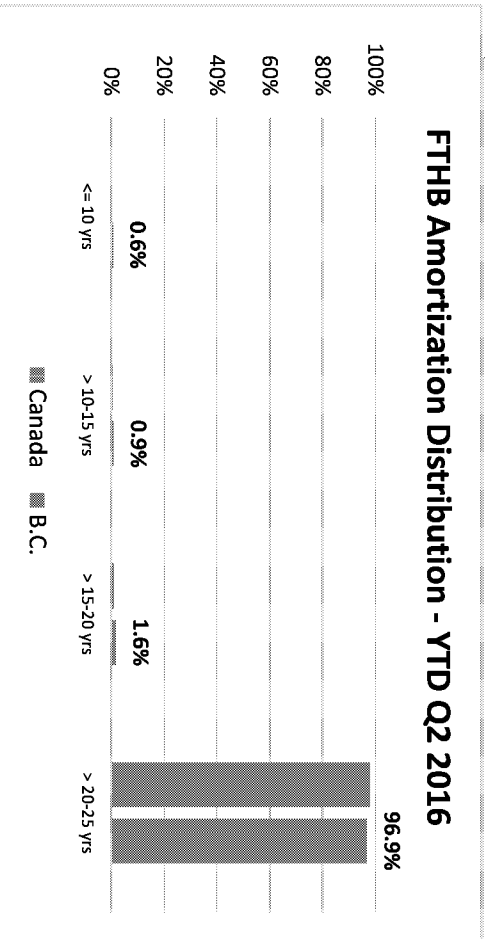
Repeat Buyer LTV Distribution - YTD Q2 2016



Long amortization periods are the preferred option for both FTTHBs and Repeat Buyers

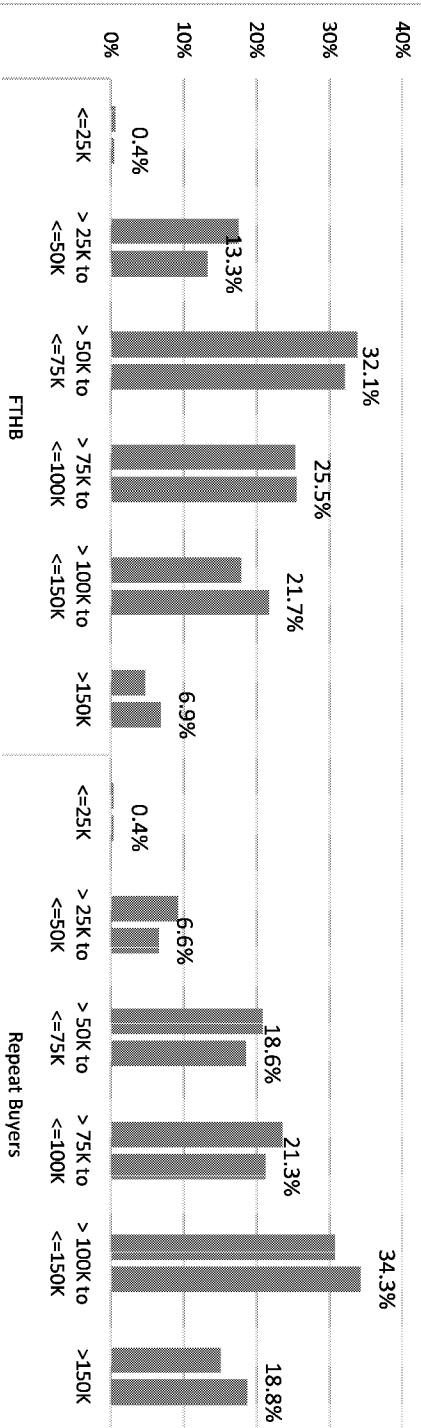


Average Amortization (yrs)	
2015	YTD Q2 2016
Canada	24.8
BC	24.7

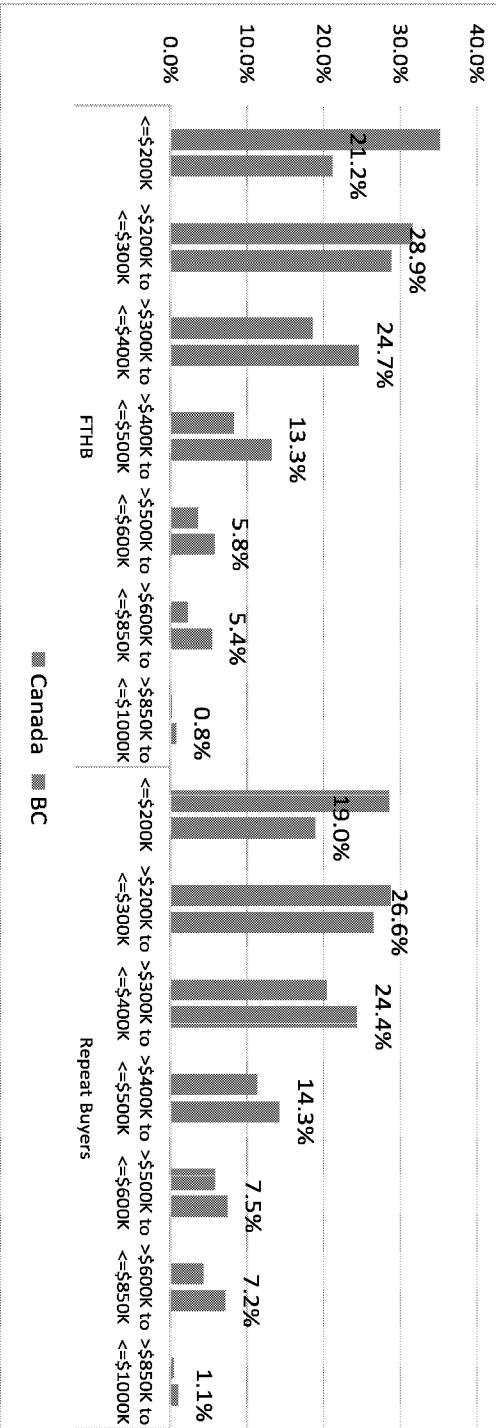


FTHBs have lower household incomes than Repeat Buyers and they buy more affordable houses

Income distribution (YTD Q2 2016)



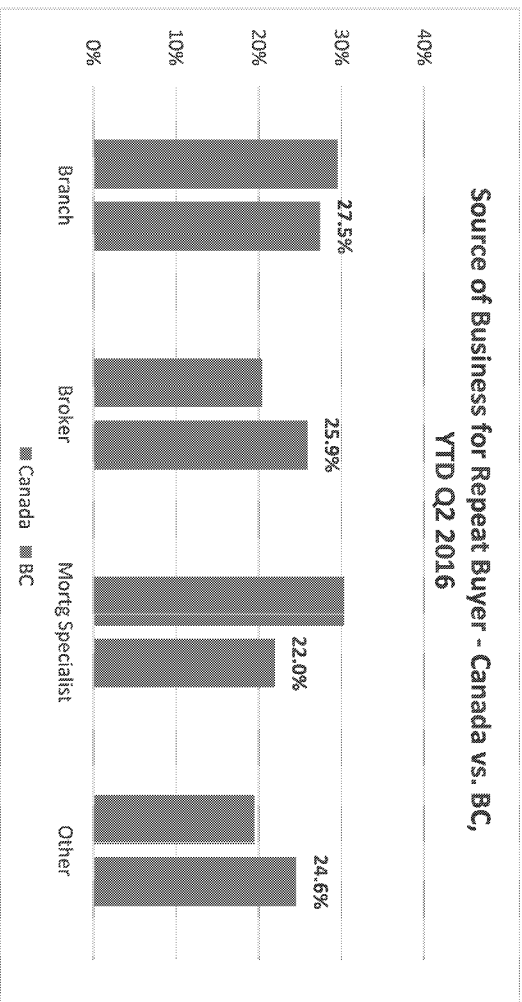
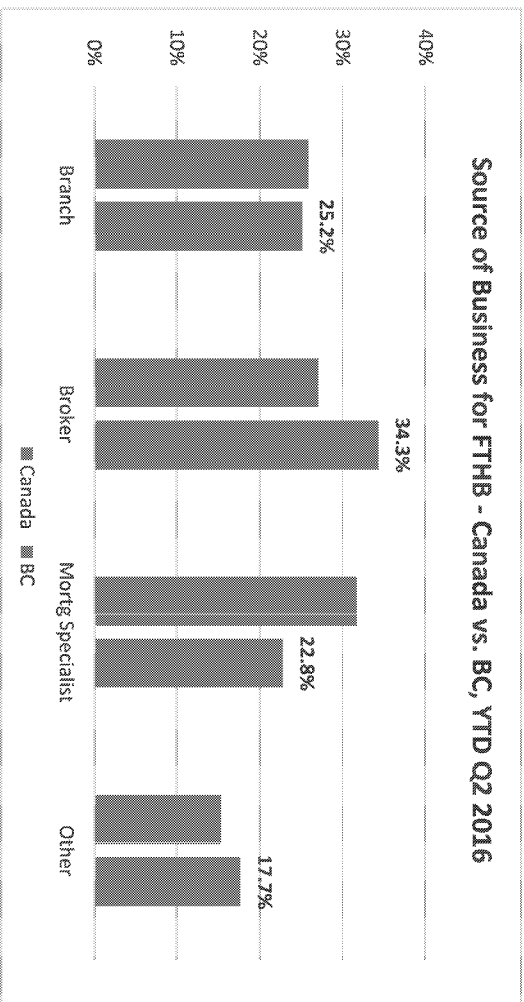
Purchase Price distribution (YTD Q2 2016)



Averages for Borrower Income, Purchase Price and Insured Loan Amount

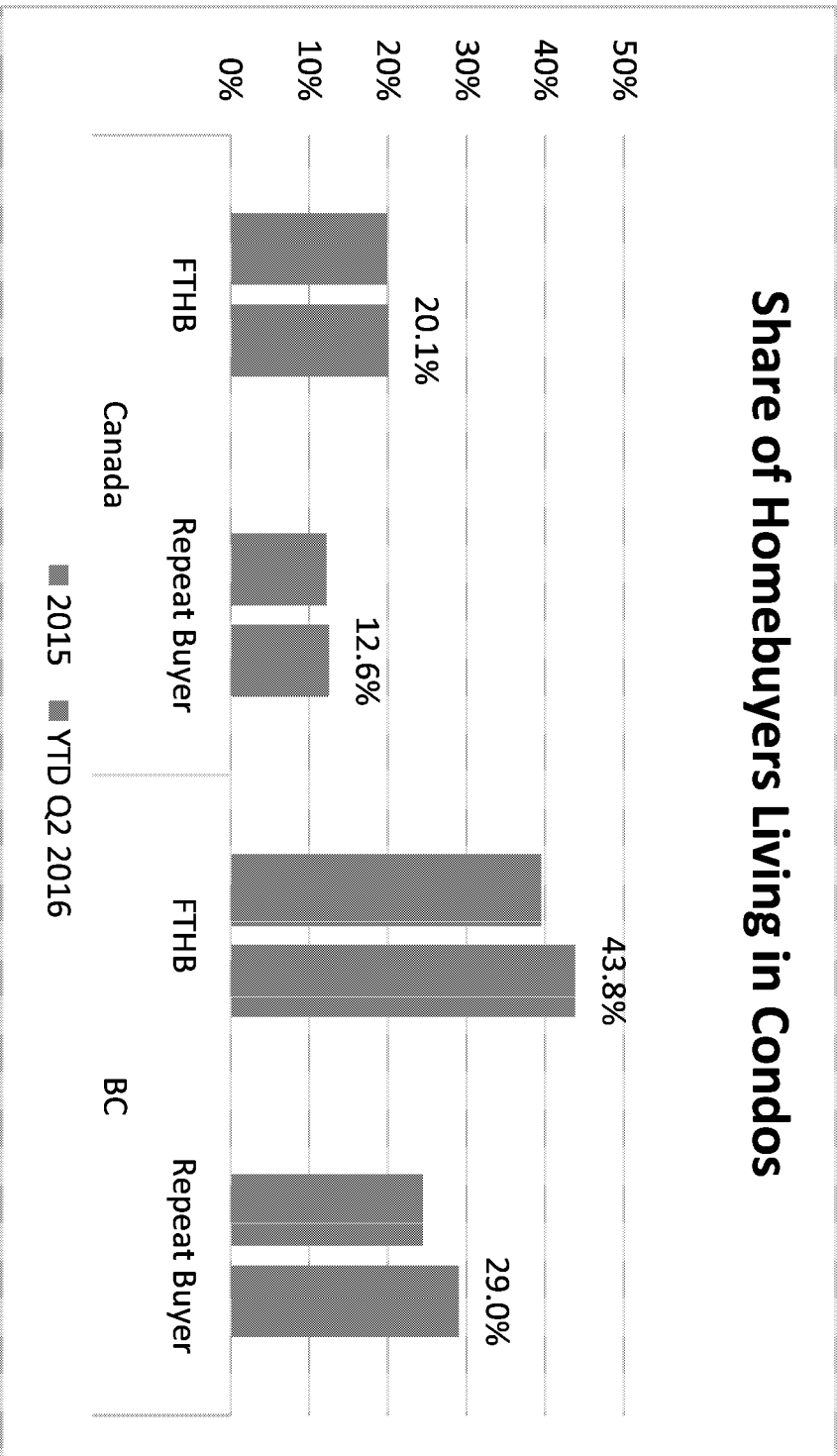
Average (based on # loans)			2015	YTD Q2 2016
FTHB	Canada	Borrower Income	\$81,484	\$80,939
		Purchase Price	\$272,179	\$267,968
	BC	Insured Amount	\$260,780	\$257,222
		Borrower Income	\$87,121	\$87,606
Repeat Buyer	Canada	Purchase Price	\$321,290	\$325,369
		Insured Amount	\$306,531	\$310,153
	BC	Borrower Income	\$108,602	\$105,546
		Purchase Price	\$308,351	\$301,008
Repeat Buyer	Canada	Insured Amount	\$290,995	\$284,634
		Borrower Income	\$114,070	\$112,474
	BC	Purchase Price	\$378,854	\$380,929
		Insured Amount	\$355,199	\$357,140

Brokers are more popular with FTHBs in BC than in Canada overall

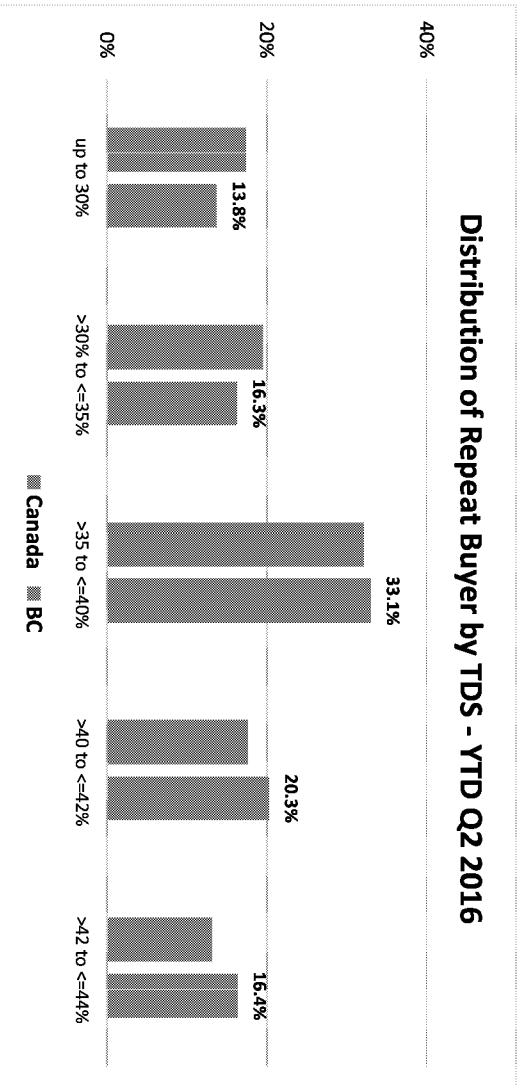
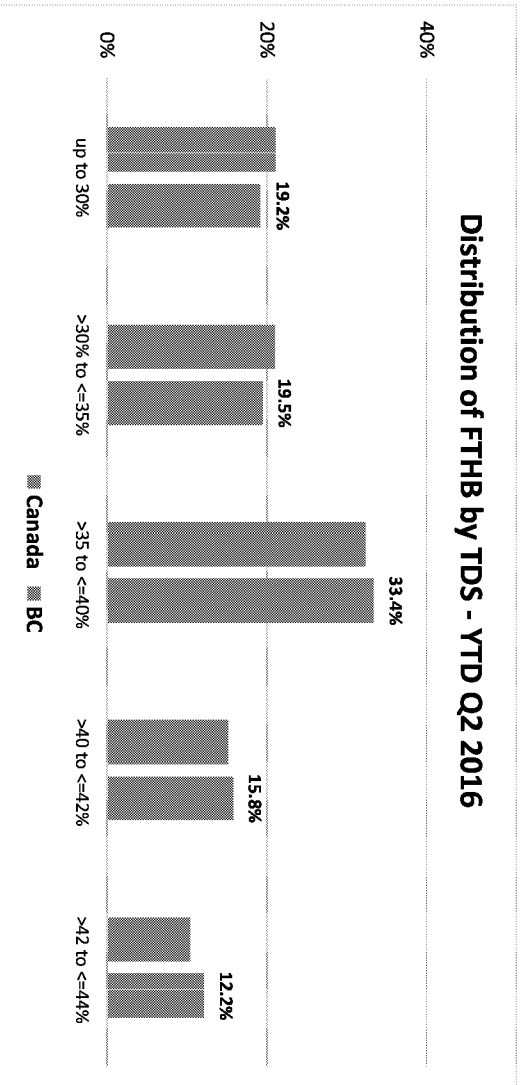


Condos are an affordable option in BC, especially for FTHBs

Share of Homebuyers Living in Condos

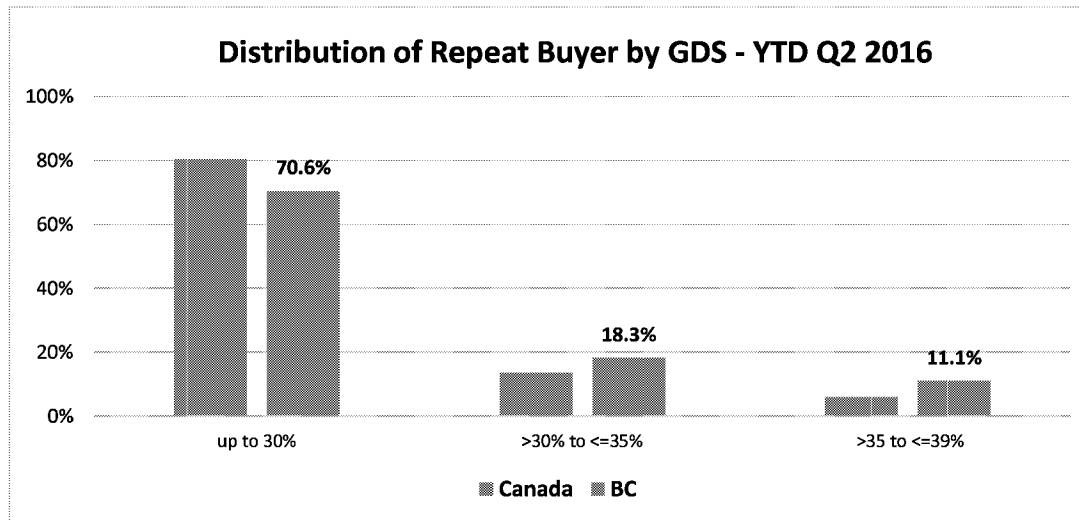
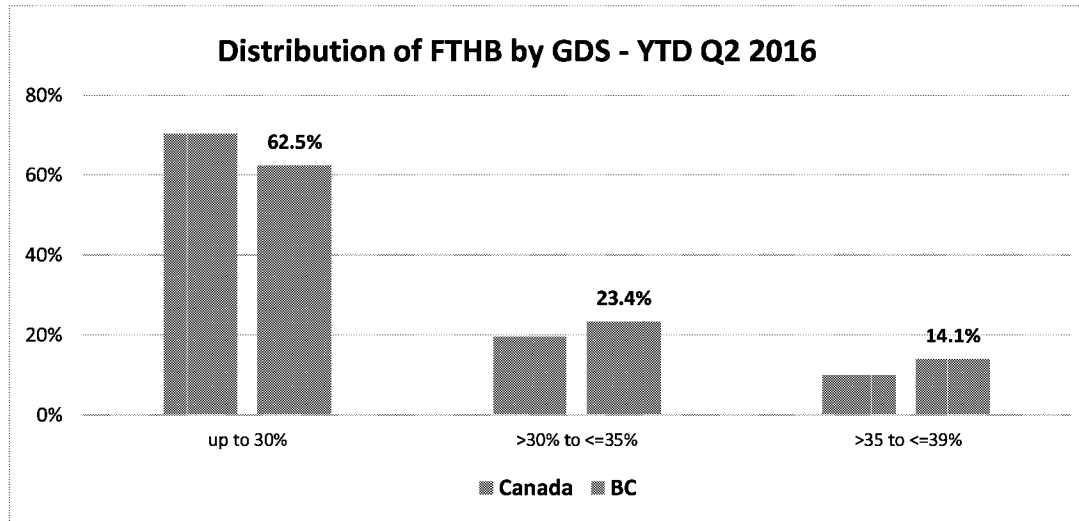


FTHBs tend to carry lower total debt ratios than Repeat Buyers



Average TDS (%)		2015	YTD Q2 2016
FTHB	Canada	34.8	35.0
	BC	35.4	35.5
Repeat Buyer	Canada	35.7	35.8
	BC	36.4	36.8

The purchase of a property carries an heavier financial burden for FTHBs due to lower incomes but also house prices in BC



Average GDS (%)		2015	YTD Q2 2016
FTHB	Canada	25.4	25.2
	BC	26.7	26.7
Repeat Buyer	Canada	23.0	22.6
	BC	24.6	24.8



RE: BCHMC - Lenders
Caroline Sanfaco to: Dan Maxwell
 Cc: Chris Woodcock
 Classification: PROTECTED - Federal-Provincial Affairs

2016-12-12 04:40 PM

less Value: Transitory Record

Hi Dan,

we heard from lenders that you have started to reach out to some of them and provided material regarding your program. Would it be possible to get a copy? Thank you

Caroline

Caroline Sanfaco
 Regional Vice-President
 Office of the Regional VP (British Columbia)
csanfaco@cmhc-schl.gc.ca
 Telephone: 604 737-4150
 Facsimile:
 1111 West Georgia, Suite 2000, 20-426-, Vancouver,
 BC, V6E 4M3
www.cmhc.ca

Caroline Sanfaco
 Vice-présidente régionale
 Bureau du vice-président régional, C.-B.
csanfaco@cmhc-schl.gc.ca
 Téléphone : 604 737-4150
 Télécopieur :
 1111 Chemin Georgia O, Porte 2000, 20-426-,
 Vancouver, BC, V6E 4M3
 Société canadienne d'hypothèques et de logement
 (SCHL)
www.schl.ca



▼ Dan Maxwell ---06/12/2016 03:33:24 PM---thanks Dan Maxwell, CPA, CA

From: Dan Maxwell <DanMaxwell@bchousing.org>
 To: "csanfaco@cmhc-schl.gc.ca" <csanfaco@cmhc-schl.gc.ca>,
 Date: 06/12/2016 03:33 PM
 Subject: RE: BCHMC - Lenders

thanks

Dan Maxwell, CPA, CA
 Vice President of Corporate Services
 and Chief Financial Officer
 BC Housing
 604 439 4756

From: csanfaco@cmhc-schl.gc.ca [mailto:csanfaco@cmhc-schl.gc.ca]
Sent: December-06-16 3:20 PM
To: Dan Maxwell
Subject: Fw: BCHMC - Lenders

Hello Dan,

Here is a list of approved lenders. Those contacts are government contacts (most lenders prefer we don't share our business contacts) and they will put you in touch with the right people.

You may want to have one on one discussions with 3 or 4 of them so you get the most out of your discussions.

Let me know if you would like to discuss

Caroline

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Hemesh Parbhu <hparbhu@cmhc-schl.gc.ca>

Sent: Tuesday, December 6, 2016 6:07 PM

To: Caroline Sanfacon

Subject: Re: BCHMC - Lenders

s.19(1)

s.20(1)

Hi Caroline,

Here you go.

Financial Institution	Name	Email	Phor
-----------------------	------	-------	------

Thanks,

Hemesh Parbhu

Regional Manager, Client Relations

BC Region

hparbhu@cmhc.ca | tel: 604.737.4120 | fax: 604.737.4122

1111 West Georgia Street, Suite 2000 - Vancouver BC, V6E 4M3

Canada Mortgage and Housing Corporation | www.cmhc.ca

Caroline Sanfacon---06/12/2016 08:43:34 AM---Hi Caroline, Will finish putting this together for you today.

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA

To: Hemesh Parbhu/BCY/CMHC-SCHL/CA@cmhc-schl,

Date: 06/12/2016 08:43 AM

Subject: Re: BCHMC - Lenders

Merci

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Hemesh Parbhu
Sent: Tuesday, December 6, 2016 8:43 AM
To: Caroline Sanfacon
Subject: Re: BCHMC - Lenders

Hi Caroline,

Will finish putting this together for you today.

Thanks,
Hemesh

Sent from Hemesh's mobile device / 604-362-6479

From: Caroline Sanfacon
Sent: Monday, December 5, 2016 5:36 PM
To: Hemesh Parbhu
Subject: BCHMC - Lenders

Hi Hemesh

Would it be possible to get the lender contact information for the Province tomorrow? Let me know

Caroline

Caroline Sanfacon Regional Vice-President Office of the Regional VP (British Columbia) csanfac@cmhc-schl.gc.ca Telephone: 604 737-4150 Facsimile: 1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3 <u>Canada Mortgage and Housing Corporation (CMHC)</u> www.cmhc.ca	Caroline Sanfacon Vice-présidente régionale Bureau du vice-président régional, C.-B. csanfac@cmhc-schl.gc.ca Téléphone : 604 737-4150 Télécopieur : 1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3 <u>Société canadienne d'hypothèques et de logement (SCHL)</u> www.schl.ca
---	---

(See attached file: 0.BDE.jpeg.jpeg)(See attached file: 0.5D6A.jpeg.jpeg)

NOTICE: This email message, including any attachments, is confidential, subject to copyright and may be privileged. Any unauthorized use or disclosure is prohibited.

AVIS: Le présent message, incluant toute pièce jointe, est confidentiel, protégé par des droits d'auteur et peut contenir des renseignements privilégiés. L'utilisation ou la communication non autorisée de ces renseignements est interdite.

**RE: Meet next week**

Caroline Sanfaco to: Dan Maxwell

Cc: Mike Nelson

Classification: PROTECTED - Federal-Provincial Affairs

2016-11-17 07:31 PM

less Value: Transitory Record

Hi Dan, I have included some links that may be helpful to you and your team.

- Here is an overview of our current purchase program. It includes the premium schedule as well as a description, in general terms, of what is considered "Traditional" and "Non-traditional" down payment. As you can see, in addition to the premium, there are some differences in the qualification criteria.

https://www.cmhc-schl.gc.ca/en/hoficlincl/moloin/hopr/upload/CMHC_Purchase.pdf

- The following calculator will be of assistance to illustrate how the premium calculation works.
https://www.cmhc-schl.gc.ca/en/hoficlincl/moloin/hobuto/hobuto_002.cfm

I am wondering if you have further information (or if the details have changed since the last time we spoke) on the down payment assistance and how it is repaid? Note, CMHC would have concerns regarding a forced lump sum payment at the end of the term. This would be difficult to support and considered a risk for both the borrower and the lender / insurer. In this context, we would be concerned with the following risks: What if the value does not support a refinance at the end of the term (please keep in mind refinance will soon no longer be eligible for mortgage insurance)? What if the borrower circumstances have changed and they do not qualify or cannot afford to repay the obligation? How would "repayment shock" be managed? How is the obligation paid when there is a sale of the property during the term, what would be the implications if there is a deficiency?

Additionally, would you have further information on how or if the obligation will be secured and what would be the priority (keeping in mind that any secondary encumbrances should never have priority to the insured first mortgage, under any conditions)?

I would be pleased to discuss further with you any of this and I would like our Regional Manager Underwriting for Western Canada to join the conversation as well. Unfortunately, a meeting on Wednesday afternoon or Friday next week does not work for us. Would you be, by any chance, available next Monday or Tuesday afternoon?

Caroline

▼ Dan Maxwell ---17/11/2016 03:49:42 PM---Friday late morning or afternoon would also work for us
Please let me know

From: Dan Maxwell <DanMaxwell@bchousing.org>
To: "csanfaco@cmhc-schl.gc.ca" <csanfaco@cmhc-schl.gc.ca>,
Date: 17/11/2016 03:49 PM
Subject: RE: Meet next week

Friday late morning or afternoon would also work for us

Please let me know

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

From: Dan Maxwell
Sent: November-17-16 3:42 PM
To: 'csanfac@cmhc-schl.gc.ca'
Subject: Meet next week

Caroline,

Do you have time to get together next Wednesday afternoon? We would like to talk to you about our program to help first time home buyers with their downpayments.

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

s.21(1)(a)

s.21(1)(b)

Re: BC DownPayment Assistance Program

Evan W Siddall

to:

Chris Woodcock

2016-11-30 06:56 PM

Cc:

Caroline Sanfacon, Glen V Trevisani, Steven C Mennill, Kevin Wright, Romy Bowers

Classification:

Hide Details

From: Evan W Siddall/NAT/CMHC-SCHL/CA Sort List...

To: Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl,

Cc: Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl, Kevin Wright/NAT/CMHC-SCHL/CA@cmhc-schl, Romy Bowers/NAT/CMHC-SCHL/CA@cmhc-schl

History: This message has been forwarded.

Evan

From: Chris Woodcock

Sent: Wednesday, November 30, 2016 2:19 PM

To: Evan W Siddall

Cc: Caroline Sanfacon; Glen V Trevisani; smennill@cmhc-schl.gc.ca; Kevin Wright; Romy Bowers

Subject: Re: BC DownPayment Assistance Program

Evan,

A few notes on BC's latest.

- When qualifying the debt service ratios, we would qualify the first and second together at a 25 year am at the higher of contract or Bank of Canada rate. If BC's rate is higher we would use that rate. The 10 year fixed bank rate today is around 5.79%.

- If BC is matching "up to 5%" down payments, then the non-traditional premium surcharge would apply in cases where the borrower doesn't have the full minimum down payment. If the borrower has the minimum down payment that won't apply. Minimum down payments are 10% on the portion of a purchase that is beyond \$500,000.

- This assumes we'll have clear priority for the first mortgage, which BC previously assured we would. As is usually the case for government programs, we will need some consultation between our legal departments to work out the details (to ensure there's no priority issue). This isn't a roadblock, just details.

- For background: this is just a back of napkin calculation, but the max loan would be \$37,500 for a \$750,000 purchase. With no payments for five years, the loan grows to \$47,000, but the payments grow by \$100 to about \$300 in year six, compared to the roughly \$200/month payment if the borrower made payments over the full 25 years. In exchange the borrower gets a \$200 payment break for five years (at the upper end of this program).

Evan W Siddall--30/11/2016 02:28:16 PM--Hi Evan,

From: Evan W Siddall/NAT/CMHC-SCHL/CA

To: Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl,

Cc: Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl

Date: 30/11/2016 02:28 PM

Subject: Re: BC DownPayment Assistance Program

Thx

Evan

From: Caroline Sanfacon

Sent: Wednesday, November 30, 2016 11:24 AM

To: Evan W Siddall

Cc: Glen V Trevisani; Chris Woodcock

Subject: BC DownPayment Assistance Program

Hi Evan,

A0017146_1-000060

Hope your interview went well

I just got off the phone with BCHMC. They are making some adjustments to their program of down payment assistance for first time home buyers and still want to proceed: this time with a loan of 25 years. I have shared further details with Glen and Chris so we can discuss and provide a recommendation.

At this time, just a heads up as Dan (COO) told me Shayne will want to discuss it further with you today.

See you in a few minutes

Caroline

Caroline Sanfacon
Regional Vice-President
Office of the Regional VP (British Columbia)
csanfac@cmhc-schl.gc.ca
Telephone: 604 737-4150
Facsimile:
1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfacon
Vice-présidente régionale
Bureau du vice-président régional, C.-B.
csanfac@cmhc-schl.gc.ca
Téléphone : 604 737-4150
Télécopieur :
1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



Re: call today?
Caroline Sanfacon

to:

Dan Maxwell
2016-12-06 04:54 PM

Classification:

Hide Details

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA

To: "Dan Maxwell" <DanMaxwell@bchousing.org>,

Hi Dan, I just landed in Toronto. I asked our manager in client relations to put together a list and he committed to have it for me today.

As soon as I get it, I will share with you. We can also discuss the approach.

Caroline

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Dan Maxwell
Sent: Tuesday, December 6, 2016 12:00 PM
To: 'csanfaco@cmhc-schl.gc.ca'
Subject: call today?

Do you have time to chat today about setting up a meeting with lenders to consult on our downpayment assistance program?

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756



Re: Meeting tomorrow

Caroline Sanfaco to: Dan Maxwell

2016-10-21 07:22 PM

Classification: PROTECTED - Federal-Provincial Affairs

less Value: Transitory Record

Hi Dan, first of all thank you for finding the appropriate contact on Blair Riffle Range.

Second, I owe you a response to your question on the Province FTHB down payment assistance program. As mentioned, funds borrowed from any source that is arm's length to the purchase or sale of the property can be used to satisfy minimum equity requirements. Therefore there are no concerns of eligibility to our program from a down payment requirement perspective.

The additional item I would like to bring to your attention is that the premium could be different if the minimum downpayment does not all come from the borrowers' own resource. From what I understand of your program, in a scenario where the property value is \$800k and the minimum downpayment is \$55k (5% of \$500,000 + 10% of \$300,000), only a portion of the minimum downpayment would be from the borrower (\$40,000) which means there would be a premium surcharge applicable. In the case of a property value of \$450,000, the minimum downpayment is 5% and given your request the borrower to provide 5% down payment, there would be no surcharge

Hope this helps

Caroline

Caroline Sanfaco
Regional Vice-President
Office of the Regional VP (British Columbia)
csanfaco@cmhc-schl.gc.ca
Telephone: 604 737-4150
Facsimile:
1111 West Georgia, Suite 2000, 20-426-, Vancouver,
BC, V6E 4M3

Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfaco
Vice-présidente régionale
Bureau du vice-président régional, C.-B.
csanfaco@cmhc-schl.gc.ca
Téléphone : 604 737-4150
Télécopieur :
1111 Chemin Georgia O, Porte 2000, 20-426-,
Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement
(SCHL)

www.schl.ca



▼ Dan Maxwell ---19/10/2016 01:01:16 PM---Caroline, For our meeting tomorrow, we hope to discuss these items:

From: Dan Maxwell <DanMaxwell@bchousing.org>
To: "csanfaco@cmhc-schl.gc.ca" <csanfaco@cmhc-schl.gc.ca>,
Cc: Armin Amrolia <aamrolia@bchousing.org>
Date: 19/10/2016 01:01 PM
Subject: Meeting tomorrow

Caroline,

For our meeting tomorrow, we hope to discuss these items:

-
-
- New Provincial Program to assist First Time Home Buyers

I am coming to your office and Armin plans to join by conference call.

See you tomorrow.

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756



RE: Follow-up to discussion yesterday

Dan Maxwell

to:

'mnelson@cmhc-schl.gc.ca'

2017-01-13 03:07 PM

Cc:

"agibson@cmhc-schl.gc.ca", "csanfaco@cmhc-schl.gc.ca", "btouzel@cmhc-schl.gc.ca", Erin Harron, Erin Smandych, "Jennifer Iten", Pooi-Ching Siew

Classification:

Hide Details

From: Dan Maxwell <DanMaxwell@bchousing.org> Sort List...

To: "mnelson@cmhc-schl.gc.ca" <mnelson@cmhc-schl.gc.ca>,

Cc: "agibson@cmhc-schl.gc.ca" <agibson@cmhc-schl.gc.ca>, "csanfaco@cmhc-schl.gc.ca" <csanfaco@cmhc-schl.gc.ca>, "btouzel@cmhc-schl.gc.ca" <btouzel@cmhc-schl.gc.ca>, Erin Harron <eharron@bchousing.org>, Erin Smandych <esmandych@bchousing.org>, "Jennifer Iten" <jiten@bchousing.org>, Pooi-Ching Siew <psiew@bchousing.org>

1 Attachment



Questions and Answers.pdf

Thank you very much for this. I also appreciate Allen taking the time to come speak to me and point out the error in our example #2.

We're removing that example from future presentations. We are also updating our website and application process to make sure we alert applicants when their LTV and amount of proposed down payment may not be permissible to mortgage loan insurers. We hope that it will be a rare occurrence. Nevertheless, we will include a Q&A to describe the situation.

Dan Maxwell, CPA, CA
 Vice President of Corporate Services
 and Chief Financial Officer
 BC Housing
 604 439 4756

From: mnelson@cmhc-schl.gc.ca [<mailto:mnelson@cmhc-schl.gc.ca>]

Sent: January-13-17 11:44 AM

To: Dan Maxwell

Cc: agibson@cmhc-schl.gc.ca; csanfaco@cmhc-schl.gc.ca; btouzel@cmhc-schl.gc.ca

Subject: Follow-up to discussion yesterday

Hi Dan, I was just speaking with Allen Gibson and he mentioned a discussion you and he had yesterday at the conference regarding the the premium calculation in one of the examples. As you know, Caroline is currently on vacation, but wanted to pass this on to you as it may be of assistance. Please do not hesitate to let us know if you have any questions. Thanks.

Mike Nelson

Regional Manager, Homeowner Underwriting (West)

Office of the VP, Insurance Operations

mnelson@cmhc.ca

Telephone: 604 737-4035

Mike Nelson

Gestionn. rég., Souscription log. p.-o. Ouest

Bureau du vice-président, Activités d'assurance

mnelson@cmhc.ca

Téléphone : 604 737-4035

A0017149_1-000065

Facsimile: 604 714-3701

1111 West Georgia, Suite 2000, Vancouver, BC, V6E 4M3

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

Télécopieur : 604 714-3701

1111 Chemin Georgia O, Porte 2000, Vancouver, BC, V6E 4M3

Société canadienne d'hypothèques et de logement (SCHL)

www.schl.ca

NOTICE: This email message, including any attachments, is confidential, subject to copyright and may be privileged. Any unauthorized use or disclosure is prohibited.

AVIS: Le présent message, incluant toute pièce jointe, est confidentiel, protégé par des droits d'auteur et peut contenir des renseignements privilégiés. L'utilisation ou la communication non autorisée de ces renseignements est interdite.



B.C. Homeowner Mortgage and Equity Partnership Program
Backgrounder and Operational Questions and Answers
December 22, 2016

Background

On December 15, 2016, the B.C. Government announced that it is launching a Homeowner Mortgage and Equity Partnership Program to assist first-time homebuyers residing in the province of B.C. to enter the housing market. The B.C. Program contributes to the amount first-time homebuyers have already saved for their down payment, matching up to \$37,500, or up to 5% of the purchase price, with a 25-year loan that is interest free and payment-free for the first five years. After the first five years, homebuyers will repay the loan over the remaining 20 years. To be eligible under the B.C. Program, buyers must be pre-approved for an insured high-ratio first mortgage (LTV >80%).

For further background and program eligibility criteria click [here](#).

General

How should applications be treated where the down payment is being sourced from the B.C. Homeowner Mortgage and Equity Partnership Program?

Standard CMHC polices for homeowner loans will apply. For the purpose of calculating debt service ratios, the loan provided to the borrower under the B.C. Program must be included in the Total Debt Service (TDS) ratio calculation and the monthly payment must be based on using the higher of the contract interest rate or benchmark rate, and with a twenty year amortization of the B.C. loan amount. If the contract rate in the Conditional Loan Approval (CLA) letter from the B.C. Program is not yet known for the second mortgage, then use the benchmark rate for that loan to include repayment in TDS based on amortization of 20 years. However, Lenders may need to resubmit their application for insurance, should the contract rate (based on a copy of the CLA from borrower) ultimately state a higher interest rate.

Where the borrower utilizes the B.C. Program to satisfy CMHC's minimum equity requirements, the down payment is considered borrowed equity and is subject to a premium surcharge for non-traditional equity sources. Note: The use of non-traditional sources of equity is limited to loan-to-value ratios between 90.01 percent and 95 percent.

Where the borrower satisfies CMHC's minimum equity requirements with their own resources (traditional sources) and also takes advantage of the down payment assistance provided by the B.C. Program, CMHC's supplemental down payments premium calculation applies.

Examples are provided below for further clarity that match the Backgrounder #2 included within the program link above:

Example #1: Home purchase price - \$475,000

This first-time buyer has saved \$11,875 towards their down payment, or 2.5% of the home's purchase price. Through the program, the Province will contribute \$11,875, equal to the buyer's 2.5% down payment. This brings the total down payment to \$23,750 or 5% of the home's purchase price, as required by Canada Mortgage and Housing Corporation. This loan is interest and payment-free for the first five years. Non-traditional sources of equity are only available to borrowers who have good credit history and sufficient income to support their obligations under the mortgage. A minimum credit score of at least 650 is used as a guideline for satisfying this requirement.

Premium Calculation should be applied as follows:**

Purchase Price: \$475,000

Minimum Equity Required: \$23,750 (i.e. 5% of \$475,000)

Down Payment Sources: \$11,875 Traditional & \$11,875 Non-traditional

Total Loan: \$451,250

LTV: 95%

To process (Non-traditional down payment source) indicator to be selected by Lender

Premium Rate Due: 3.85% (non-traditional sources)

Example #2: Home purchase price - \$600,000

This first-time buyer has saved 5% of the home's purchase price towards their down payment, or \$30,000. Canada Mortgage and Housing Corporation requires a 5% down payment for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$600,000 is \$35,000. This loan is interest and payment-free for the first five years.

The B.C. HOME Partnership program will meet this buyer's contribution of \$30,000, bringing their total down payment to \$60,000.

Premium Calculation should be applied as follows:**

Purchase Price: \$600,000

Minimum Equity Required: \$35,000 (i.e. 5% of \$500,000 and 10% of \$100,000)

Down Payment Sources: \$30,000 Traditional & \$30,000 Non-traditional

Total Loan: \$540,000

LTV: 90.0%*

*The LTV for Non-traditional sources of equity is limited to 90.01% to 95% therefore in this scenario, the borrower would either need to increase the down payment to meet the minimum equity required of \$35,000, OR the borrower could decrease the down payment to bring the LTV in line with the maximum available for non-traditional equity sources.

If down payment is increased to \$35,000 (LTV 89.2%) CMHC's supplemental down payments premium calculation applies - in this case the down payment from traditional sources is less than 10 percent of

**Premium rates used in the example calculations are subject to change.

the lending value therefore the premium must be calculated based on the LTV taking into consideration the down payment from traditional sources only.

LTV based on traditional sources only is 94%

Premium Rate Due: 3.60% (traditional sources)

Premium Rate Due if down payment is decreased to \$29,400 (LTV 90.01%): 3.85% (non-traditional sources)

Example #3: Home purchase price - \$750,000

The first-time buyer in this example has saved 7% of the home's purchase price as a down payment, or \$52,500.

A 5% down payment is required for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$750,000 is \$50,000.

The Province will meet the buyer's contribution up to 5% of the home's purchase price. In this example, the program will contribute \$37,500 towards the down payment, allowing this buyer to put a total of \$90,000 towards the down payment of their first home.

Premium Calculation should be applied as follows:**

Purchase Price: \$750,000

Minimum Equity Required: \$50,000 (i.e. 5% of \$500,000 and 10% of \$250,000)

Down Payment Sources: \$52,500 Traditional & \$37,500 Non-Traditional

Total Loan Amount: \$660,000

LTV: 88%

CMHC's supplemental down payments premium calculation applies - in this case the down payment from traditional sources is less than 10 percent of the lending value therefore the premium must be calculated based on the LTV taking into consideration the down payment from traditional sources only.

LTV based on traditional sources only is 93%

Premium Rate Due: 3.60% (traditional sources)

**Premium rates used in the example calculations are subject to change.



RE: call today?

Dan Maxwell

to:

'csanfaco@cmhc-schl.gc.ca'

2016-12-06 05:20 PM

Classification:

Hide Details

From: Dan Maxwell <DanMaxwell@bchousing.org>

To: "'csanfaco@cmhc-schl.gc.ca'" <csanfaco@cmhc-schl.gc.ca>,

ok, thanks

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

From: csanfaco@cmhc-schl.gc.ca [<mailto:csanfaco@cmhc-schl.gc.ca>]

Sent: December-06-16 1:55 PM

To: Dan Maxwell

Subject: Re: call today?

Hi Dan, I just landed in Toronto. I asked our manager in client relations to put together a list and he committed to have it for me today.

As soon as I get it, I will share with you. We can also discuss the approach.

Caroline

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Dan Maxwell

Sent: Tuesday, December 6, 2016 12:00 PM

To: 'csanfaco@cmhc-schl.gc.ca'

Subject: call today?

Do you have time to chat today about setting up a meeting with lenders to consult on our downpayment assistance program?

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

NOTICE: This email message, including any attachments, is confidential, subject to copyright and may be privileged. Any unauthorized use or disclosure is prohibited.

AVIS: Le présent message, incluant toute pièce jointe, est confidentiel, protégé par des droits d'auteur et peut contenir des renseignements privilégiés. L'utilisation ou la communication non autorisée de ces renseignements est interdite.

s.19(1)

s.20(1)



RE: BCHMC - Lenders
 Dan Maxwell
 to:
 'csanfac@cmhc-schl.gc.ca'
 2016-12-06 06:33 PM
 Classification:
 Hide Details
 From: Dan Maxwell <DanMaxwell@bchousing.org>
 To: "csanfac@cmhc-schl.gc.ca" <csanfac@cmhc-schl.gc.ca>

History: This message has been replied to.

thanks

Dan Maxwell, CPA, CA
 Vice President of Corporate Services
 and Chief Financial Officer
 BC Housing
 604 439 4756

From: csanfac@cmhc-schl.gc.ca [mailto:csanfac@cmhc-schl.gc.ca]
Sent: December-06-16 3:20 PM
To: Dan Maxwell
Subject: Fw: BCHMC - Lenders

Hello Dan,

Here is a list of approved lenders. Those contacts are government contacts (most lenders prefer we don't share our business contacts) and they will put you in touch with the right people.

You may want to have one on one discussions with 3 or 4 of them so you get the most out of your discussions.

Let me know if you would like to discuss

Caroline
 Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Hemesh Parbhu <hparbhu@cmhc-schl.gc.ca>
Sent: Tuesday, December 6, 2016 6:07 PM
To: Caroline Sanfacon
Subject: Re: BCHMC - Lenders

Hi Caroline,

Here you go.

Financial Institution	Name	Email	Phone	Title

Thanks,

Hemesh Parbhu
 Regional Manager, Client Relations
 BC Region
 hparbhu@cmhc.ca | tel: 604.737.4120 | fax: 604.737.4122
 1111 West Georgia Street, Suite 2000 - Vancouver BC, V6E 4M3
 Canada Mortgage and Housing Corporation | www.cmhc.ca
 Caroline Sanfacon--06/12/2016 08:43:34 AM--Hi Caroline, Will finish putting this together for you today

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
To: Hemesh Parbhu/BCY/CMHC-SCHL/CA@cmhc-schl
Date: 06/12/2016 08:43 AM
Subject: Re: BCHMC - Lenders

Merci

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Hemesh Parbhu
Sent: Tuesday, December 6, 2016 8:43 AM
To: Caroline Sanfacon
Subject: Re: BCHMC - Lenders

Hi Caroline,

Will finish putting this together for you today.

Thanks,
Hemesh

Sent from Hemesh's mobile device / 604-362-6479

From: Caroline Sanfacon
Sent: Monday, December 5, 2016 5:36 PM
To: Hemesh Parbhu

Subject: BCHMC - Lenders

Hi Hemesh

Would it be possible to get the lender contact information for the Province tomorrow? Let me know

Caroline

Caroline Sanfacon
Regional Vice-President
Office of the Regional VP (British Columbia)
csanfacon@cmhc-schl.gc.ca
Telephone: 604 737-4150
Facsimile:
1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfacon
Vice-présidente régionale
Bureau du vice-président régional, C.-B.
csanfacon@cmhc-schl.gc.ca
Téléphone : 604 737-4150
Télécopieur :
1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

(See attached file: 0.BDE.jpeg.jpeg)(See attached file: 0.5D6A.jpeg.jpeg)

NOTICE: This email message, including any attachments, is confidential, subject to copyright and may be privileged. Any unauthorized use or disclosure is prohibited.
AVIS: Le présent message, incluant toute pièce jointe, est confidentiel, protégé par des droits d'auteur et peut contenir des renseignements privilégiés. L'utilisation ou la communication non autorisée de ces renseignements est interdite.



RE: Got your message

Dan Maxwell

to:

'csanfaco@cmhc-schl.gc.ca'

2016-12-02 11:03 AM

Classification:

Hide Details

From: Dan Maxwell <DanMaxwell@bchousing.org>

To: "'csanfaco@cmhc-schl.gc.ca'" <csanfaco@cmhc-schl.gc.ca>,

History: This message has been forwarded.

1 Attachment



Draft DAP Framework .docx

Caroline,

I am attaching the draft program framework for our Downpayment Assistance Program. I believe it answers all of the questions but let me know if I can provide any more clarity.

We were told yesterday that the public announcement is being pushed back to December 16. It is still our plan to begin accepting applications on January 16th.

Dan Maxwell, CPA, CA
 Vice President of Corporate Services
 and Chief Financial Officer
 BC Housing
 604 439 4756

From: Dan Maxwell
Sent: December-01-16 3:51 PM
To: 'csanfaco@cmhc-schl.gc.ca'
Subject: Got your message

Thanks for your message Caroline.

We are just finalizing our program framework and I think that is the best document to send to you. I'll try to get that over tomorrow.

We expect an announcement on December 12th and the program to begin to accept applications on January 16th.

What is your advice about meeting the lenders? Do you think we could arrange one meeting with three or four of the largest banks? Or, would it be better to meet them individually?

Dan Maxwell, CPA, CA
 Vice President of Corporate Services
 and Chief Financial Officer
 BC Housing
 604 439 4756

****DRAFT****

**Down Payment
Assistance Program
Program Framework**

2016



CONFIDENTIAL – DO NOT COPY OR SHARE THIS DRAFT

A0017153_1-000074

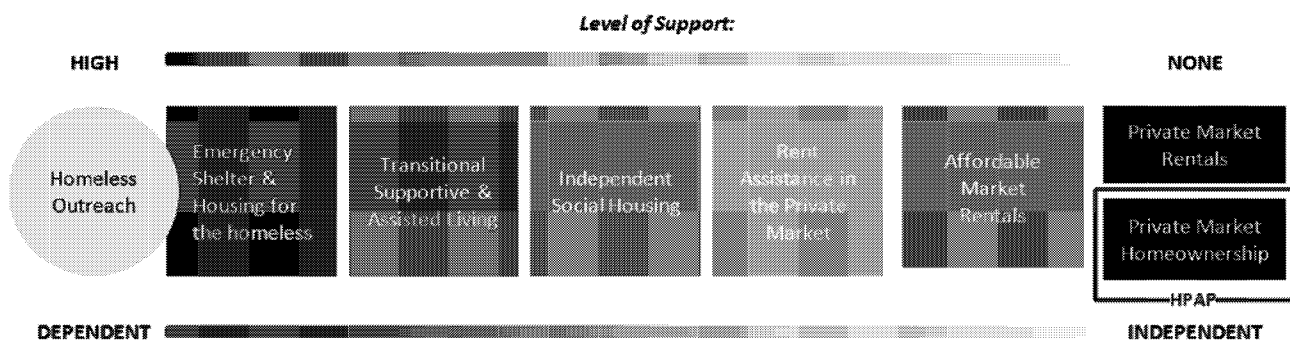
****DRAFT** DOWN PAYMENT ASSISTANCE PROGRAM (DAP) - PROGRAM FRAMEWORK**

INTRODUCTION

Background

In December 2016, the Province of British Columbia established the Down Payment Assistance Program (DAP) to provide matching down payment assistance loans to support eligible homebuyers with the purchase their first home. The three-year program will be delivered by BC Housing, with loans advanced between January 2017 through March 2020.

The Down Payment Assistance Program is situated on the independent side of the *Housing Continuum*. Supporting eligible first-time homebuyers in the purchase of their first home promotes self-sufficiency and helps households move along the Housing Continuum.



This program framework outlines the key elements, standards and guidelines of the program, and defines the roles and responsibilities of BC Housing in the delivery and management of the program. For further detail, applicants are encouraged to consult the DAP website ([www....](http://www...)).

PRINCIPLES

- 1. DAP Loans support eligible applicants with the purchase of their first home.**
 - a. The program supports eligible first-time homebuyers who have an insured residential first mortgage from a National Housing Act (NHA) approved lender and have acquired a modest down payment.
 - b. Homebuyers must qualify for their insured first mortgage in accordance with federal eligibility requirements, including new parameters announced by the Government of Canada in October 2016.
- 2. Transparency & accountability**

BC Housing will:

 - c. Maintain reliable and consistent client records, and develop appropriate policies and procedures.
 - d. Provide clear program guidelines to the public.
 - e. Monitor and evaluate the program to confirm that services delivered are effective at meeting the program's objectives.
 - f. Regularly report to the Provincial Government and the public on the program.
 - g. Focus on quality assurance when processing applicant files.

****DRAFT** DOWN PAYMENT ASSISTANCE PROGRAM (DAP) - PROGRAM FRAMEWORK**

3. Accessibility and fairness in service delivery

- a. All eligible households will have an equal opportunity to access the program.
- b. BC Housing will provide fair service to all applicants.
- c. Completed eligible applications will be reviewed in the order they are received.
- d. Every effort will be made to simplify and streamline program administration for both applicants and BC Housing to facilitate ease of access for clients while minimizing administrative resources.

GOAL

Assist eligible first-time homebuyers transition into homeownership by providing matching DAP Loans to supplement their down payment.

OUTCOME

- Households move along the housing continuum.

OUTPUTS

- DAP Loans provided to eligible first-time homebuyers.

MEASURES

- Number of approved and rejected applications.
- Number of homes purchased with DAP Loans by community and Region.
- Average DAP Loan amount.

ELIGIBILITY

Applicant Eligibility

All individuals who will have a registered interest on title of the home must be included on the application and meet all of the following eligibility requirements:

- Be a Canadian citizen or permanent resident that has resided in British Columbia for at least three years.
- Have filed Canadian tax returns for the last two years.
- Be a first-time homebuyer who has not owned an interest in a principal residence anywhere in the world at any time¹.
- The home being purchased will only be used as their principal residence² for the first five years.

The combined, gross household income of all individuals on title must not exceed \$150,000.

¹ And has never received a first-time homebuyers' exemption or refund

² Principal Residence is defined as the home that is designated (and is eligible to be designated) as the owner's principal residence for tax purposes, and where all persons registered on title live permanently in a self-contained unit with access to all living facilities at all times to conduct their daily activities (such as: cooking, sleeping, and bathroom).

****DRAFT** DOWN PAYMENT ASSISTANCE PROGRAM (DAP) - PROGRAM FRAMEWORK**

Applicants must obtain a letter from a National Housing Act approved lender confirming pre-approval for an insured³ residential first mortgage prior to submitting their application.

Eligible Properties

- Legal, self-contained, mortgagable residence located in British Columbia.
- The home must serve as the applicant's principal residence; rental properties and seasonal/recreational properties are not eligible.
- Purchase price must not exceed \$750K.

DAP LOANS

The DAP Loan will match the cash down payment provided by the applicant up to a maximum of 5% of the purchase price. The combined cash down payment and DAP Loan must meet the minimum down payment requirements to qualify for an insured residential first mortgage for the home and be less than 20% of the purchase price.

Applicants must obtain an insured residential first mortgage from a National Housing Act approved lender who will apply all federal eligibility requirements, including the new parameters announced by the Government of Canada in October 2016.

Legal costs for the registration of the DAP Loan will be added to the total DAP Loan amount and will be disclosed to the applicants at the time of DAP Loan approval. DAP Loan funds (less legal costs) will be released to the applicant's lawyer/notary public at closing, following confirmation the applicant has satisfied all DAP loan conditions and the registration of the second mortgage. Applicants are solely responsible for providing their cash deposit in accordance with their Contract of Purchase and Sale.

DAP Loan terms will include:

- A 25 year term, interest and payment free for the first five years, registered as a second mortgage on title.
- At the end of the first five years, interest will start accruing and monthly principal and interest payments will begin, amortized over 20 years.
- The interest rate will reset to market rates at year 10, 15 and 20.
- The borrower may make additional payments, or repay the loan in full, at anytime without penalty.

The DAP Loan is due and payable in full upon any of the following:

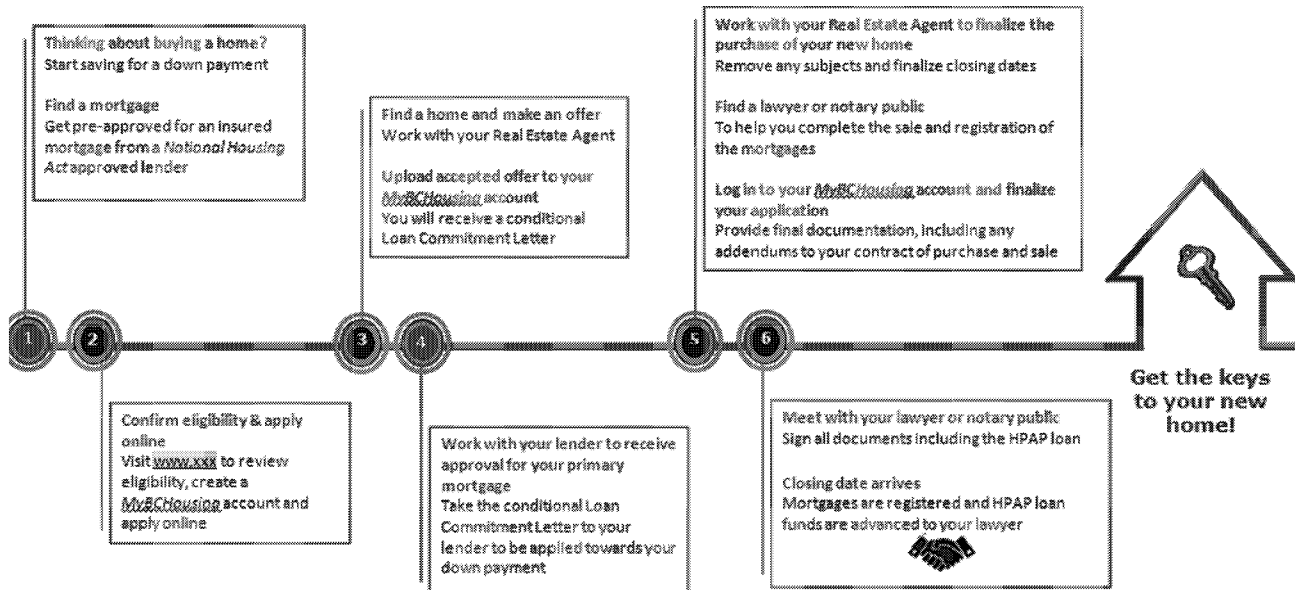
- Default on the first mortgage or the DAP Loan.
- Transfer of the home or change of ownership (including addition of a person to title).
- The home ceases to be the homeowner's principal residence in the first five years.

³ Insured by CMHC, Genworth or Canada Guaranty

****DRAFT** DOWN PAYMENT ASSISTANCE PROGRAM (DAP) - PROGRAM FRAMEWORK**

APPLICATION AND APPROVAL PROCESS

The figure below outlines the key steps in the process for applicants.



ROLES AND RESPONSIBILITIES

BC Housing

BC Housing is responsible for:

1. Funding, administration and implementation of the program.
2. Responding to all program inquiries.
3. Providing clear guidelines and expectations to program participants.
4. Managing and processing applicant files in a timely manner.
5. Notifying applicants of the status of their application, including any changes to their status.
6. Marketing and advertising the program to the public.
7. Data collection, analysis, monitoring and reporting.
8. Audit of applicant files and review of applications.

Applicants

Applicants are responsible for:

1. Obtaining an insured residential mortgage from a National Housing Act approved lender.
2. Saving a down payment and having sufficient funds on hand for a deposit in accordance with their Contract of Purchase and Sale.

****DRAFT** DOWN PAYMENT ASSISTANCE PROGRAM (DAP) - PROGRAM FRAMEWORK**

3. Completing all due diligence in regards to purchasing their home, including services and independent advice from a licensed Realtor, home inspector, lawyer, notary public or other professionals as required.
4. Submitting their application and supporting documents in accordance with all program requirements.
5. Disclosing all information required to process applications in a timely manner.
6. Signing a declaration indicating that all the information provided is true and complete.
7. Advising BC Housing, in a timely manner, when changes occur that may impact eligibility and/or the DAP Loan amount, including but not limited to:
 - a. Change to the listed applicants who will be registered on title.
 - b. Change in sale price of the home prior to closing.
 - c. Change in their down payment or first mortgage amount.

SIGN-OFF

The Program Framework requires final sign-off by the Vice President of Operations and the Vice President of Corporate Services.

Vice President, Operations
BC Housing

Vice President, Corporate Services
BC Housing



RE: Down Payment
 Dan Maxwell
 to:
 'csanfaco@cmhc-schl.gc.ca'
 2016-11-30 06:20 PM
 Classification:
 Hide Details
 From: Dan Maxwell <DanMaxwell@bchousing.org>
 To: "'csanfaco@cmhc-schl.gc.ca'" <csanfaco@cmhc-schl.gc.ca>,

History: This message has been forwarded.

first 5 years at 0%

Dan Maxwell, CPA, CA
 Vice President of Corporate Services
 and Chief Financial Officer
 BC Housing
 604 439 4756

From: csanfaco@cmhc-schl.gc.ca [<mailto:csanfaco@cmhc-schl.gc.ca>]
Sent: November-30-16 3:18 PM
To: Dan Maxwell
Subject: Down Payment

Hi Dan,

can you clarify for me whether the first 5 yrs are at 0% or if there is capitalised interest which is added to the loan and payable on year 6?

thank you

Caroline

Caroline Sanfacon
 Regional Vice-President
 Office of the Regional VP (British Columbia)
csanfaco@cmhc-schl.gc.ca
 Telephone: 604 737-4150
 Facsimile:
 1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3
 Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfacon
 Vice-présidente régionale
 Bureau du vice-président régional, C.-B.
csanfaco@cmhc-schl.gc.ca
 Téléphone : 604 737-4150
 Télécopieur :
 1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3
 Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



NOTICE: This email message, including any attachments, is confidential, subject to copyright and may be privileged. Any unauthorized use or disclosure is prohibited.

AVIS: Le présent message, incluant toute pièce jointe, est confidentiel, protégé par des droits d'auteur et peut contenir des renseignements privilégiés. L'utilisation ou la communication non autorisée de ces renseignements est interdite.



RE: Meet next week

Dan Maxwell

to:

Erin Smandych, 'csanfac@cmhc-schl.gc.ca'

2016-11-18 12:27 PM

Cc:

"mnelson@cmhc-schl.gc.ca"

Classification:

Hide Details

From: Dan Maxwell <DanMaxwell@bchousing.org>

To: Erin Smandych <esmandych@bchousing.org>, "csanfac@cmhc-schl.gc.ca" <csanfac@cmhc-schl.gc.ca>,

Cc: "mnelson@cmhc-schl.gc.ca" <mnelson@cmhc-schl.gc.ca>

Monday afternoon is good for me too

Dan Maxwell, CPA, CA

Vice President of Corporate Services
and Chief Financial Officer

BC Housing

604 439 4756

From: Erin Smandych

Sent: November-18-16 8:52 AM

To: Dan Maxwell; 'csanfac@cmhc-schl.gc.ca'

Cc: mnelson@cmhc-schl.gc.ca

Subject: RE: Meet next week

I could meet Monday afternoon.

Tuesday afternoon I am delivering a workshop in Richmond at the BCNPHA annual conference at 2pm. So I will need to be in Richmond at least by 1:30 at the latest to set up. So I could do Tuesday morning if Monday doesn't work.

Erin

From: Dan Maxwell

Sent: November-17-16 4:57 PM

To: 'csanfac@cmhc-schl.gc.ca'

Cc: mnelson@cmhc-schl.gc.ca; Erin Smandych

Subject: RE: Meet next week

Thanks. The schedule isn't clear about what happens when the buyer has part of their downpayment from traditional sources and part from non-traditional. If the buyer has 5% from traditional sources and another 5% from non-traditional sources, do they pay a 2.4% premium, a 3.6% premium or a 3.85% premium? (or perhaps some combination)?

There have been some changes in program design since we first spoke. We can walk through those with you when we get together. It is our expectation that the first mortgage would have priority and the second mortgage would have a 10 year term. The second would have no payments and no interest for five year and then would become interest bearing with P&I payments required. We think that under normal circumstances the second mortgage could be rolled into the first mortgage after five years without exceeding the 80% LTV requirement. We expect most homeowners would desire this option, however on-going P&I payments based on a 25 year amortization period would be an option.

I have copied my colleague, Erin Smandych, to see what her availability is like on Monday or Tuesday afternoon next week.

Dan Maxwell, CPA, CA
 Vice President of Corporate Services
 and Chief Financial Officer
 BC Housing
 604 439 4756

From: csanfac@cmhc-schl.gc.ca [<mailto:csanfac@cmhc-schl.gc.ca>]
Sent: November-17-16 4:32 PM
To: Dan Maxwell
Cc: mnelson@cmhc-schl.gc.ca
Subject: RE: Meet next week

Hi Dan, I have included some links that may be helpful to you and your team.

- Here is an overview of our current purchase program. It includes the premium schedule as well as a description, in general terms, of what is considered "Traditional" and "Non-traditional" down payment. As you can see, in addition to the premium, there are some differences in the qualification criteria.

https://www.cmhc-schl.gc.ca/en/hoficlincl/moloin/hopr/upload/CMHC_Purchase.pdf

- The following calculator will be of assistance to illustrate how the premium calculation works.

https://www.cmhc-schl.gc.ca/en/hoficlincl/moloin/hobuto/hobuto_002.cfm

I am wondering if you have further information (or if the details have changed since the last time we spoke) on the down payment assistance and how it is repaid? Note, CMHC would have concerns regarding a forced lump sum payment at the end of the term. This would be difficult to support and considered a risk for both the borrower and the lender / insurer. In this context, we would be concerned with the following risks: What if the value does not support a refinance at the end of the term (please keep in mind refinance will soon no longer be eligible for mortgage insurance)? What if the borrower circumstances have changed and they do not qualify or cannot afford to repay the obligation? How would "repayment shock" be managed? How is the obligation paid when there is a sale of the property during the term, what would be the implications if there is a deficiency?

Additionally, would you have further information on how or if the obligation will be secured and what would be the priority (keeping in mind that any secondary encumbrances should never have priority to the insured first mortgage, under any conditions)?

I would be pleased to discuss further with you any of this and I would like our Regional Manager Underwriting for Western Canada to join the conversation as well. Unfortunately, a meeting on Wednesday afternoon or Friday next week does not work for us. Would you be, by any chance, available next Monday or Tuesday afternoon?

Caroline

From: Dan Maxwell <DanMaxwell@bchousing.org>
 To: "'csanfac@cmhc-schl.gc.ca'" <csanfac@cmhc-schl.gc.ca>,
 Date: 17/11/2016 03:49 PM
 Subject: RE: Meet next week

Friday late morning or afternoon would also work for us

Please let me know

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

From: Dan Maxwell
Sent: November-17-16 3:42 PM
To: 'csanfaco@cmhc-schl.gc.ca'
Subject: Meet next week

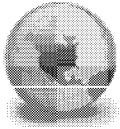
Caroline,

Do you have time to get together next Wednesday afternoon? We would like to talk to you about our program to help first time home buyers with their downpayments.

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

NOTICE: This email message, including any attachments, is confidential, subject to copyright and may be privileged. Any unauthorized use or disclosure is prohibited.

AVIS: Le présent message, incluant toute pièce jointe, est confidentiel, protégé par des droits d'auteur et peut contenir des renseignements privilégiés. L'utilisation ou la communication non autorisée de ces renseignements est interdite.



Announcement at 1030 tomorrow...
Shayne Ramsay to: Evan Siddall
Cc: Caroline Sanfacon
Classification:

2016-12-14 08:38 PM

History: This message has been forwarded.

2 attachments



2016PREM0153-002759.pdf ATT00001.txt

Obviously confidential until then. We have briefed major banks and credit unions and have received a positive reaction.

NEWS RELEASE

For Immediate Release
2016PREM0153-002759
Dec. 15, 2016

Office of the Premier
Ministry of Natural Gas Development
and Responsible for Housing

New program partners with first-time homebuyers as they enter the housing market

VANCOUVER – If you’re entering the market to buy your first home, the B.C. government is launching a new program to partner with you on the down payment for your mortgage, B.C. Premier Christy Clark announced today.

“We believe every British Columbian deserves a place to call home,” said Premier Christy Clark. “We’ve invested in affordable rental housing, we’ve invested in transitional and emergency housing, and now we’re partnering with first-time buyers to make the purchase of their first home more affordable.”

Saving for a mortgage down payment can be hard for first-time homebuyers. The B.C. Home Owner Mortgage and Equity Partnership program contributes to the amount first-time homebuyers have already saved for their down payment, providing up to \$37,500, or up to 5% of the purchase price, with a 25-year loan that is interest-free and payment-free for the first five years. Through the B.C. HOME Partnership program, the Province is investing about \$703 million over the next three years to help an estimated 42,000 B.C. households enter the market for the first time.

“The first step into the market can be the hardest step, so our government will partner with homebuyers to help them achieve their minimum down payment,” said Rich Coleman, Minister of Natural Gas Development and minister Responsible for Housing. “This partnership can help lower their monthly costs in the first five years, and help make home ownership more affordable. This partnership program is another important way we’re taking action on housing affordability.”

During the first five years, no monthly interest or principal payments are required as long as the home remains the homebuyer’s principal residence. After the first five years, homebuyers begin making monthly payments at current interest rates. Homebuyers will repay the loan over the remaining 20 years, but may make extra payments or repay it in full at any time without penalty. The loan must be repaid in full when the home is sold or transferred to another owner.

To be eligible, buyers must be preapproved for an insured high-ratio first mortgage (mortgage down payment is less than 20% of the home price). On completion of the sale, program funds will be advanced and the loan will be registered as a second mortgage on the property’s title.

Other programs are available to help first-time buyers save on property transfer tax. The First Time Home Buyers Program can save first-time buyers up to \$7,500 when purchasing a home valued up to \$475,000. Or, first-time buyers can access the Newly Built Homes Exemption, which can save buyers up to \$13,000 in property transfer tax when purchasing a newly

constructed or subdivided home worth up to \$750,000.

The B.C. Home Owner Mortgage and Equity Partnership program will start accepting applications Jan. 16, 2017.

Key Facts:

The Province's commitment to housing action is driven by six key principles:

- Ensuring the dream of home ownership remains within the reach of the middle class
 - Increasing housing supply
 - Smart transit expansion
 - Supporting first-time home buyers
 - Ensuring Consumer Protection
 - Increasing rental supply
- The B.C. government has committed \$855 million over five years, including \$575 million this year, to support the construction or renovation of 4,900 units of affordable housing throughout the province.
- Since 2001, the B.C. government has invested \$4.9 billion to provide affordable housing for low income individuals, seniors and families.
- More than 104,000 B.C. households benefit from a diverse range of provincial housing programs and services.

Learn More:

Learn how to apply: https://news.gov.bc.ca/files/Housing_Campaign_HOME.pdf

To learn more about the Province's actions on housing affordability, visit:
<http://housingaction.gov.bc.ca/>

For additional details about the B.C. Home Owner Mortgage and Equity Partnership program, please visit: <https://homeownerservices.bchousing.org/>

B.C. Home Owner Mortgage and Equity Partnership program, BC Housing:

Phone: 604-439-4727

Toll Free Number: 1-844-365-4727

Media Contacts:

Stephen Smart
Press Secretary
Office of the Premier
778 389-6202

Ally Skinner-Reynolds
BC Housing
604 456-8895
604 209-4399

Darren Beaupre
Ministry of Natural Gas Development
and Responsible for Housing
250 356-5892
250 213-3334

Connect with the Province of B.C. at: www.gov.bc.ca/connect

BACKGROUND 1

For Immediate Release
2016PREM0153-002759
Dec. 15, 2016

Office of the Premier
Ministry of Natural Gas Development
and Responsible for Housing

B.C. Home Owner Mortgage and Equity Partnership program details

Am I eligible for a partnership loan?

The program supports eligible first-time homebuyers who are approved for an insured high-ratio first mortgage. To qualify for the program, all individuals on title must:

- Have been a Canadian citizen or permanent resident for at least five years.
- Have resided in British Columbia for at least one year immediately preceding the date of application.
- Be a first-time buyer who has not owned an interest in a residence anywhere in the world at any time.
- Use the property as their principal residence for the first five years.
- Purchase a home that has a purchase price of \$750,000 or less (excluding taxes and fees).
- Obtain a high-ratio insured first mortgage on the property for at least 80% of the purchase price.
- Have a combined, gross household income of all individuals on title not exceeding \$150,000.
- Have saved a down payment amount at least equal to the loan amount for which the buyer applied.

What do I do and how do I apply?

Step 1: Get preapproval for an insured first mortgage from your financial lending institution.

Step 2: Apply to BC Housing for the B.C. Home Owner Mortgage and Equity Partnership program loan. If you are eligible, you will receive confirmation of eligibility and Homebuyer's Kit, which includes information for your lender, real estate licensee, and lawyer/notary public.

Step 3: Find your home and provide the details of your planned purchase to BC Housing for approval.

Applications for the program will be accepted starting Jan. 16, 2017, for purchases that will close on or after Feb. 15, 2017.

What information will I need to apply?

Buyers can begin gathering the documents they'll need to submit an online application. Buyers will need:

1. Proof of status in Canada and residency in British Columbia.

2. Secondary identification (must include your photo).
3. Proof of income and tax filings.
4. Insured first mortgage pre-approval.

More information about these requirements: <https://homeownerservices.bchousing.org/>

Media Contacts:

Stephen Smart
Press Secretary
Office of the Premier
778 389-6202

Ally Skinner-Reynolds
BC Housing
604 456-8895
604 209-4399

Darren Beaupre
Ministry of Natural Gas Development
and Responsible for Housing
250 356-5892
250 213-3334

Connect with the Province of B.C. at: www.gov.bc.ca/connect



BACKGROUND 2

For Immediate Release
2016PREM0153-002759
Dec. 15, 2016

Office of the Premier
Ministry of Natural Gas Development
and Responsible for Housing

Support for first-time buyers using the B.C. Home Owner Mortgage and Equity Partnership program

Example #1: Home purchase price – \$475,000

This first-time buyer has saved \$11,875 towards their down payment, or 2.5% of the home's purchase price. Through the program, the Province will contribute \$11,875, equal to the buyer's 2.5% down payment. This brings the total down payment to \$23,750 or 5% of the home's purchase price, as required by Canada Mortgage and Housing Corporation. This loan is interest and payment-free for the first five years.

As a first-time buyer, this person can also qualify for the First Time Home Buyer's exemption for the Property Transfer Tax, saving: \$7,500.

The B.C. HOME Partnership program enabled this buyer to purchase their first home as this buyer did not have the minimum down payment saved to qualify for an insured first mortgage.

Example #2: Home purchase price – \$600,000

This first-time buyer has saved 5% of the home's purchase price towards their down payment, or \$30,000. Canada Mortgage and Housing Corporation requires a 5% down payment for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$600,000 is \$35,000. This loan is interest and payment-free for the first five years.

If this is a newly built home, the buyer can also qualify for the Newly Built Home Exemption for the Property Transfer Tax, saving: \$10,000.

The B.C. HOME Partnership program will meet this buyer's contribution of \$30,000, bringing their total down payment to \$60,000, and enabling this buyer to purchase their first home as they had not yet saved the minimum down payment required to qualify for a insured first mortgage.

Example #3: Home purchase price – \$750,000

The first-time buyer in this example has saved 7% of the home's purchase price as a down payment, or \$52,500.

Canada Mortgage and Housing Corporation requires a 5% down payment for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$750,000 is \$50,000.

The Province will meet the buyer's contribution up to 5% of the home's purchase price. In this

example, the program will contribute \$37,500 towards the down payment, allowing this buyer to put a total of \$90,000 towards the down payment of their first home.

Assuming a 3% interest rate, this buyer will save \$5,201 in interest payments during the first five years of their mortgage compared to if the buyer had purchased the home without the program.

In addition, if this is a newly built home, the buyer can also qualify for the Newly Built Home Exemption for the Property Transfer Tax, saving: \$13,000.

Media Contacts:

Stephen Smart
Press Secretary
Office of the Premier
778 389-6202

Ally Skinner-Reynolds
BC Housing
604 456-8895
604 209-4399

Darren Beaupre
Ministry of Natural Gas Development
and Responsible for Housing
250 356-5892
250 213-3334

Connect with the Province of B.C. at: www.gov.bc.ca/connect

Re: BC DownPayment Assistance Program
Evan W Siddall

to:
Caroline Sanfacon
2016-11-30 02:28 PM

Cc:
Glen V Trevisani, Chris Woodcock

Classification:
Hide Details

From: Evan W Siddall/NAT/CMHC-SCHL/CA
To: Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl,
Cc: Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl
Thx

Evan

From: Caroline Sanfacon
Sent: Wednesday, November 30, 2016 11:24 AM
To: Evan W Siddall
Cc: Glen V Trevisani; Chris Woodcock
Subject: BC DownPayment Assistance Program

Hi Evan,

Hope your interview went well

I just got off the phone with BCHMC. They are making some adjustments to their program of down payment assistance for first time home buyers and still want to proceed: this time with a loan of 25 years. I have shared further details with Glen and Chris so we can discuss and provide a recommendation.

At this time, just a heads up as Dan (COO) told me Shayne will want to discuss it further with you today.

See you in a few minutes

Caroline

Caroline Sanfacon
Regional Vice-President
Office of the Regional VP (British Columbia)
csanfaco@cmhc-schl.gc.ca
Telephone: 604 737-4150
Facsimile:
1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfacon
Vice-présidente régionale
Bureau du vice-président régional, C.-B.
csanfaco@cmhc-schl.gc.ca
Téléphone : 604 737-4150
Télécopieur :
1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



s.21(1)(a)

s.21(1)(b)

Re: Updated Messages re. BC Announcement

Evan W Siddall

to:

Steven C Mennill

2016-12-15 08:37 AM

Cc:

Albano Gidaro, Ann Fuller, Caroline Sanfacon, Chris Woodcock, Glen V Trevisani, Kevin Wright, Michel A Tremblay, Scott Drover

Classification:

Hide Details

From: Evan W Siddall/NAT/CMHC-SCHL/CA Sort List...

To: Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl,

Cc: Albano Gidaro/QUE/CMHC-SCHL/CA@cmhc-schl, Ann Fuller/NAT/CMHC-SCHL/CA@cmhc-schl, Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl, Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Kevin Wright/NAT/CMHC-SCHL/CA@cmhc-schl, Michel A Tremblay/NAT/CMHC-SCHL/CA@cmhc-schl, Scott Drover/NAT/CMHC-SCHL/CA@cmhc-schl

Evan

From: Steven C Mennill**Sent:** Thursday, December 15, 2016 8:27 AM**To:** Evan W Siddall**Cc:** Albano Gidaro; Ann Fuller; Caroline Sanfacon; Chris Woodcock; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Scott Drover**Subject:** Re: Updated Messages re. BC Announcement

Scott: In #3 I think we should consider making it more explicit that our standards (and the premium surcharge) are there for risk reasons - they pre-date this BC initiative and are designed to ensure that the risk to CMHC as an insurer is responsibly managed.

Steve Mennill
Senior Vice-President
Insurance
smennill@cmhc-schl.gc.ca
Telephone: 613 748-2772
Facsimile:
700 Montreal Road, A3-, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Steve Mennill
Premier vice-président
Assurance
smennill@cmhc-schl.gc.ca
Téléphone : 613 748-2772
Télécopieur :
700, Chemin Montreal, A3-, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

Evan W Siddall---15/12/2016 06:45:34 AM---On the premium surcharge - we could say it would apply "anytime the borrower isn't providing the full minimum down payment wi

From: Evan W Siddall/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl, Scott Drover/NAT/CMHC-SCHL/CA@cmhc-schl, Ann Fuller/NAT/CMHC-SCHL/CA@cmhc-schl, Albano Gidaro/QUE/CMHC-SCHL/CA@cmhc-schl, Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Kevin Wright/NAT/CMHC-SCHL/CA@cmhc-schl, Michel A Tremblay/NAT/CMHC-SCHL/CA@cmhc-schl, Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl,
Date: 15/12/2016 06:45 AM
Subject: Re: Updated Messages re. BC Announcement

A0017159_1-000093

file:///C:/Users/cmongrai.CMHC-SCHL/AppData/Local/Temp/notesC7A056/~web55... 2017-01-31

s.21(1)(a)

s.21(1)(b)

BTW, typo: I'm ok with what you"have" (not face). It would be better with this addition.

Evan

From: Chris Woodcock

Sent: Thursday, December 15, 2016 6:41 AM

To: Evan W Siddall; Scott Drover; Ann Fuller; Albano Gidaro; Caroline Sanfacon; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill

Subject: Re: Updated Messages re. BC Announcement

On the premium surcharge - we could say it would apply "anytime the borrower isn't providing the full minimum down payment without assistance."

Scott for info, some examples would be a case where a borrower has less than five percent towards a <\$500,000 purchase, or even five percent towards a >\$500,000 property (doesn't have the 10% for the portion over \$500,000). The ability for the borrower to get help meeting the minimum down payment is an existing policy, not something being done for BC.

From: Evan W Siddall

Sent: Thursday, December 15, 2016 6:34 AM

To: Scott Drover; Ann Fuller; Albano Gidaro; Caroline Sanfacon; Chris Woodcock; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill

Subject: Re: Updated Messages re. BC Announcement

Thanks for attending to this. I'm ok with what you face, Scott.

Especially given DoF's stronger tone, we should reinforce our concerns and our responsibility to ensure that our programs aren't making a bad situation worse.

I think you've accomplished that. Are we sure we don't want to mention the fact that we will charge a premium for unconventional d/p? It's factual and subtly manifests our disagreement with BC's policy.

I do think there is value in pointing specifically to the Bank's new FSR, bring released this morning.

Evan

From: Scott Drover

Sent: Thursday, December 15, 2016 6:17 AM

To: Ann Fuller; Albano Gidaro; Caroline Sanfacon; Chris Woodcock; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill; Evan W Siddall

Subject: Updated Messages re. BC Announcement

Thanks for the input and feedback to this point! I've updated the messaging to reflect the comments I received last night and have added Evan back to the email chain.

Timing is getting tight so I'm hoping we're getting close!

Here is what I am proposing for the new messages.

1. Statistics Canada announced yesterday the Canadian household debt levels have reached a new record high and the Bank of Canada continues to flag elevated household debt as the top vulnerability to financial stability in Canada.

A0017159_2-000094

2. Our Housing Market Assessment has identified strong evidence of problematic conditions in Metro Vancouver. Continued price growth is of particular concern.

3. Our concerns with housing markets are well known. We are aware of the new program and will be applying our usual standards which include testing a borrower's ability to repay not only their mortgage but also their other debts, including the new incentive.

4. CMHC is committed to helping Canadian meet their housing needs. We encourage all aspiring homebuyers to make informed and responsible homebuying decisions that don't put their financial futures at risk, especially in a market that is showing signs of overvaluation.

This file has more detailed info on how the messages above have evolved, including Evan's direction and the likely direction of the DoF messages for those who would like more detail.

(See attached file: BC HOAP - CMHC Messages.docx)

Thanks!

Scott

Ann Fuller---14/12/2016 11:21:12 PM---Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ann Fuller/NAT/CMHC-SCHL/CA
 To: Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl, Scott Drover/NAT/CMHC-SCHL/CA@cmhc-schl,
 Cc: Albano Gidaro/QUE/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Kevin Wright/NAT/CMHC-SCHL/CA@cmhc-schl, Michel A Tremblay/NAT/CMHC-SCHL/CA@cmhc-schl, Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl, Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl
 Date: 14/12/2016 11:21 PM
 Subject: Re: Announcement at 1030 tomorrow...

Perhaps delete 4 and frame 2 in the positive instead?

And perhaps tweak your suggestion to something like:

"To be responsible, we will have to apply our usual review, including stress-testing the borrower's ability to repay the mortgage, the loan from the province and all other debts. But let's be clear, we all want the same thing: people to be able to buy homes ...homes they can afford that don't put their financial futures at risk."

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Chris Woodcock

Sent: Wednesday, December 14, 2016 10:46 PM

To: Scott Drover

Cc: Albano Gidaro; Ann Fuller; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill; Caroline Sanfacon

Subject: Re: Announcement at 1030 tomorrow...

Perhaps delete 4 and frame 2 in the positive instead?

And perhaps tweak your suggestion to something like:

'To be responsible, we will have to apply our usual review, including stress-testing the borrower's ability to repay the mortgage, the loan from the province and all other debts. But let's be clear, we all want the same thing: people to be able to buy homes ...and homes they can afford that don't put their financial futures at risk.'

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Chris Woodcock
Sent: Wednesday, December 14, 2016 10:46 PM
To: Scott Drover
Cc: Albano Gidaro; Ann Fuller; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill; Caroline Sanfacon
Subject: Re: Announcement at 1030 tomorrow...

I'm not up to speed on the full tactical situation with our media comments; however Bullet 2 and 4 could merge with Bullet 5 and say something like:

'Our concerns with housing markets are well known. We are aware of BC's program. We will be applying our usual rigorous underwriting standards, which includes stress-testing the borrower's ability to repay the mortgage, the loan from the province and all other debts. We're not making exceptions in this case.'

From: Scott Drover
Sent: Wednesday, December 14, 2016 9:57 PM
Cc: Albano Gidaro; Ann Fuller; Chris Woodcock; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill; Caroline Sanfacon
Subject: Re: Fw: Announcement at 1030 tomorrow...

I've cut Evan from this email to avoid filling his inbox until we have something closer to final. I think we have most of this covered with the messaging I shared with Caroline (now cc'd) earlier today.

I've just tweaked these bullets slightly to reflect Evan's direction/comment.
 I did add in a reference to the StatsCan report today on DTI in the 1st bullet.

For those who haven't seen this yet, I had been under the impression that the announcement was going to be made Friday. Sorry! Also, for background, the bulk of these points are repeating points we've made in the Bank of England and VBoT presentations.

1. Statistics Canada announced yesterday the Canadian household debt levels have reached a new record high and the Bank of Canada continues to flag elevated household debt as the top vulnerability to financial stability in Canada.

2.

3. *Our Housing Market Assessment has identified strong evidence of problematic conditions in Metro Vancouver. Continued price growth is of particular concern.*

4.

5. *Homebuyers applying for CMHC mortgage loan insurance using this new program will have their applications processed using standard CMHC policies for homeowners with non-traditional down payments.*

Happy to receive thoughts and reconcile accordingly. The intro to the 4th point especially could use some massaging but I wanted to get this out quickly.

Thanks!

Scott

Evan W Siddall---14/12/2016 09:23:32 PM---From: Evan W Siddall/NAT/CMHC-SCHL/CA To: Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-s

From: Evan W Siddall/NAT/CMHC-SCHL/CA

To: Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl,

Cc: Michel A Tremblay/NAT/CMHC-SCHL/CA@cmhc-schl, Ann Fuller/NAT/CMHC-SCHL/CA@cmhc-schl, Scott Drover/NAT/CMHC-SCHL/CA@cmhc-schl, Kevin Wright/NAT/CMHC-SCHL/CA@cmhc-schl, Albano Gidaro/QUE/CMHC-SCHL/CA@cmhc-schl

Date: 14/12/2016 09:23 PM

Subject: Fw: Announcement at 1030 tomorrow...

FYI, BC will announce tomorrow. We need to be prepared with media lines, such as:

- make note release of BoC FSR (tomorrow, which will continue to highlight housing risks and increasing # of vulnerable homeowners --
- we have previously expressed our concern about increasing vulnerabilities among FTHBs
- provinces free to act as they choose
- per policy, we will charge an incremental premium on those who use the program, and impute 'stress test' level interest charges when underwriting to properly account for the inherent risk of the increased borrowing

Evan

Original Message

From: Shayne Ramsay <sramsay@bchousing.org>

Sent: Wednesday, December 14, 2016 8:38 PM

To: Evan Siddall

Cc: Caroline Sanfacon

Subject: Announcement at 1030 tomorrow...

[attachment '2016PREM0153-002759.pdf' deleted by Scott Drover/NAT/CMHC-SCHL/CA] [attachment 'ATT00001.txt' deleted by Scott Drover/NAT/CMHC-SCHL/CA]



RE: New Mortgage Rules 
Caroline Sanfaco to: Dan Maxwell
 Classification: PROTECTED

2016-10-18 06:49 PM

less Value: Transitory Record

Hi Dan,

39% and 44% have been the maximum set by law since July 9th, 2012 for government guarantee mortgage loans. CMHC normally restricts debt service ratios to 35% and 42%, but higher ratios may be considered up to the absolute maximum of 39%/44%.

The change recently announced relates to how it is calculated.

Hope this helps,

Caroline

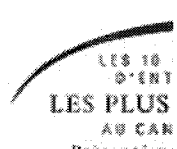
Caroline Sanfaco
 Regional Vice-President
 Office of the Regional VP (British Columbia)
csanfaco@cmhc-schl.gc.ca
 Telephone: 604 737-4150
 Facsimile:
 1111 West Georgia, Suite 2000, 20-426-, Vancouver,
 BC, V6E 4M3

Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfaco
 Vice-présidente régionale
 Bureau du vice-président régional, C.-B.
csanfaco@cmhc-schl.gc.ca
 Téléphone : 604 737-4150
 Télécopieur :
 1111 Chemin Georgia O, Porte 2000, 20-426-,
 Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement

(SCHL)

www.schl.ca



▼ Dan Maxwell ---18/10/2016 03:00:13 PM---Caroline, I am confused. I thought that lenders and CMHC had been using 32% for GDSR up until now.

From: Dan Maxwell <DanMaxwell@bchousing.org>
 To: "csanfaco@cmhc-schl.gc.ca" <csanfaco@cmhc-schl.gc.ca>,
 Date: 18/10/2016 03:00 PM
 Subject: RE: New Mortgage Rules

Caroline,

I am confused. I thought that lenders and CMHC had been using 32% for GDSR up until now. Is this moving up to 39% as a result of today's new rules?

Dan Maxwell, CPA, CA
 Vice President of Corporate Services
 and Chief Financial Officer
 BC Housing
 604 439 4756

From: csanfaco@cmhc-schl.gc.ca [mailto:csanfaco@cmhc-schl.gc.ca]
Sent: October-18-16 2:55 PM
To: Dan Maxwell
Subject: Re: New Mortgage Rules

Hi Dan,

The changes announced apply to homeowner 1-4 units requests. At a high level, these changes fit in 2 categories: a) the qualifying rate for fixed term on high ratio mortgage used to calculate the ratios need to be the highest between the benchmark rate and the contract rate rather than the contract rate; b) similar requirement on qualification, limits, credit need that were in place for high ratio applications now apply to low ratio applications (less than 20% downpayment) submitted on a transactional basis and via portfolio insurance.

As for the ratio limits, they have been the ratios in place for homeowner for many years (I can send you the information on it if you need; it is in our Handbook and your team should have access to it).

Let me know if you would like to see the 2 latest communiqués we issued to our Approved lenders. As an Approved Lenders, BCHMC should have received those and if you didn't we will rectify.

Thanks

Caroline

Caroline Sanfacon

Regional Vice-President

Office of the Regional VP (British Columbia)

csanfaco@cmhc-schl.gc.ca

Telephone: 604 737-4150

Facsimile:

1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

Caroline Sanfacon

Vice-présidente régionale

Bureau du vice-président régional, C.-B.

csanfaco@cmhc-schl.gc.ca

Téléphone : 604 737-4150

Télécopieur :

1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3

Société canadienne d'hypothèques et de logement (SCHL)

www.schl.ca



From: Dan Maxwell <DanMaxwell@bchousing.org>
To: "csanfaco@cmhc-schl.gc.ca" <csanfaco@cmhc-schl.gc.ca>,
Date: 18/10/2016 02:34 PM
Subject: New Mortgage Rules

Caroline,

The technical back grounder from the Finance ministry for the new mortgage rules (http://www.fin.gc.ca/n16/data/16-117_2-eng.asp) shows that the new maximum GDSR is 39% and TDSR is 44%.

Is CMHC adopting these new higher ratios for high ratio mortgage insurance starting today?

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756



CMHC fees
Dan Maxwell

to:

'csanfaco@cmhc-schl.gc.ca'

2016-11-15 05:02 PM

Classification:

Hide Details

From: Dan Maxwell <DanMaxwell@bchousing.org>

To: "'csanfaco@cmhc-schl.gc.ca'" <csanfaco@cmhc-schl.gc.ca>,

History: This message has been forwarded.

Caroline,

As we continue to develop a program to assist first time home buyers with their downpayment, we're wondering if you could help us understand how the CMHC fees would be calculated. I understand from our past conversations that downpayment assistance from us would be subject to a premium surcharge. Do you have a rate schedule that you could share with us or something else that provides details on the calculation?

And, perhaps could you show us an example or two on how the premium is calculated. For example, if a first time home buyer purchases a \$300,000 home with \$7,500 of their own and \$7,500 from us, how much would the CMHC insurance premium be on the \$285,000 loan? How would that change if the home buyer had \$15,000 of their own and \$15,000 from us and the loan was \$270,000?

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

Chris Woodcock

From: Chris Woodcock
Sent: November-01-16 10:14 AM s.21(1)(a)
To: Christie Breton s.21(1)(b)
Subject: Re: BC Assistance Program

Would this be eligible for insurance?

A repayable down payment top up of 5% would be an acceptable down payment under CMHC's "non-traditional sources of downpayment" policy. We charge an extra premium in these cases (depending on LTV). There is obvious risk built into the program: the absence of a repayment plan could place borrowers in a difficult position where up to \$37,500 could be repayable in a lump sum at the end of five years. Typically this kind of loan would have fixed payments

How would repayment be captured in GDS/TDS?

We would expect that the repayments (loan / 60 months) be included in the debt servicing ratios under "all other debt";

From: Christie Breton/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Date: 01/11/2016 10:12 AM
Subject: BC Assistance Program

Hi Chris, would you mind sending me the note you sent to Steve. Just for background. Thanks.

Christie Breton

Senior Analyst, Policy and Operations
Office of the VP, Insurance Operations

cbreton@cmhc-schl.gc.ca

Telephone: 613 748-2321

Facsimile: 613 748-2783

700 Montreal Road, A2-518, Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

Chris Woodcock

From: Chris Woodcock
Sent: October-31-16 5:08 PM
To: Steven Mennill
Cc: Glen Trevisani
Subject: Re: Fw: HPAP

Steve, here are some comments on Evan's questions.

Would we have any grounds for refusing MI?

A repayable down payment top up of 5% would be an acceptable down payment under CMHC's "non-traditional sources of downpayment" policy. We charge an extra premium in these cases (depending on LTV). There is obvious risk built into the program: the absence of a repayment plan could place borrowers in a difficult position where up to \$37,500 could be repayable in a lump sum at the end of five years. Typically this kind of loan would have fixed payments

How would repayment be captured in GDS/TDS?

We would expect that the repayments (loan / 60 months) be included in the debt servicing ratios under "all other debt";

From: Steven C Mennill/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl,
Cc: Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl
Date: 31/10/2016 12:07 PM
Subject: Fw: HPAP

Chris

Could you comment on Evan's questions please?

Steve Mennill
613-748-2772

From: Evan W Siddall <esiddall@cmhc-schl.gc.ca>
Sent: Monday, October 31, 2016 11:48 AM
To: Steven C Mennill
Cc: Kevin Wright
Subject: Fw: HPAP

Steve,

Would we have any grounds for refusing MLI in these cases on the grounds of insufficient d/p's? How would repayment be captured in GDS/TDS, if at all?

Incidentally, ON will likely increase the land transfer tax refund cap from \$2,000 adding extra d/p to leverage for FTHBs. While this is modestly better -- at least it's equity, it still stocked demand, prices and adds to affordability problems.

Evan

----- Forwarded by Evan W Siddall/NAT/CMHC-SCHL/CA on 31/10/2016 11:44 AM -----

From: Shayne Ramsay <sramsay@bchousing.org>
To: Evan Siddall <esiddall@cmhc-schl.gc.ca>,
Date: 31/10/2016 10:04 AM
Subject: HPAP

Evan...as discussed.

Shayne



HPAP

Announcement...

(See attached file: HPAP Announcement-Overview.docx)(See attached file: ATT00001.htm)

Chris Woodcock

From: Chris Woodcock
Sent: October-28-16 4:38 PM
To: Caroline Sanfacon
Cc: Glen Trevisani
Subject: Re: Meeting tomorrow

Hi Caroline,

We've been looking at whether an exception would be possible. Was the Province's decision dependent on that response?

We've wrapped up our meetings in Montreal and can discuss if you are free.

Chris
613-793-4609

From: Caroline Sanfacon
Sent: Friday, October 28, 2016 4:31 PM
To: Chris Woodcock
Cc: Glen V Trevisani
Subject: Re: Fw: Meeting tomorrow

Hi Chris,

the Province program was approved by Cabinet with slight changes. I told them we will not make an exception. I had the opportunity to discuss with Evan about this today and the Province following up. I tried to contact both you and Glen today but Isabelle confirmed you were in Montreal. Thanks for your help and support. Have a good weekend
C

Chris Woodcock---25/10/2016 10:06:34 AM---Hi Caroline - I just stepped out of a meeting with OSFI and saw the chain below. I'd like to discuss

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL,
Date: 25/10/2016 10:06 AM
Subject: Re: Fw: Meeting tomorrow

Hi Caroline - I just stepped out of a meeting with OSFI and saw the chain below. I'd like to discuss this with my team before we take a position. from my perspective I still owe you a response on this.

CW

Barbara-Ann Touzel---25/10/2016 10:57:27 AM---Hi Caroline, Chris forwarded me your request for a response. I understand the request involves CMHC

From: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA

To: Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 25/10/2016 10:57 AM
Subject: Re: Fw: Meeting tomorrow

s.21(1)(a)

s.21(1)(b)

Hi Caroline, Chris forwarded me your request for a response. I understand the request involves CMHC considering using the 3.60% traditional premium rate in lieu of the 3.85% applicable to purchases with non-traditional down payments. So I checked into the program (see link below). Trust this is it, where the First Time Home Buyers' Program reduces or eliminates the amount of property transfer tax a borrower will pay when they purchase their first home. On a brief review, I do not see how this First Time Home Buyer's Program in BC (see link below) would meet our Affordable Housing program criteria, so I do not foresee how CMHC can offer a flexibility on premiums (i.e. not impose the higher premium applicable for the higher risk associated with non-traditional downpayment where the borrower is NOT offering a traditional source of 10% or higher of the lending value). For instance, there is no reduction in the purchase price to make the homes more affordable, there is no modesty criteria. Also it would open door to similar programs offered by other municipalities

Or were you thinking of something else? - i.e. that the tax reduction is actually an equity grant to the borrower (non-repayable grant from a provincial agency) to meet our traditional definition for downpayments. Again a rebate on taxes, would not meet that criteria.

<http://www2.gov.bc.ca/gov/content/taxes/property-taxes/property-transfer-tax/understand/first-time-home-buyers>

Please do not hesitate to contact me, if you have any concerns or if I misunderstood your request.
PS Chris is currently in meetings, but I am copying him on the response.

Barbara-Ann Touzel
Acting Manager, Homeowner Policy
Office of the VP, Insurance Operations
btouzel@cmhc-schl.gc.ca
Telephone: 613 748-4813
Facsimile: 613 748-2783
700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Everything you need to open new doors.

Barbara-Ann Touzel
Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)
Bureau du vice-président, Activités d'assurance
btouzel@cmhc-schl.gc.ca
Téléphone : 613 748-4813
Télécopieur : 613 748-2783
700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

La clé qui ouvre de nouvelles portes.

Chris Woodcock---24/10/2016 12:08:49 PM---I would appreciate any background that you have on this and a suggested reply. ----- Forwarded by C

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Date: 24/10/2016 12:08 PM
Subject: Fw: Meeting tomorrow

I would appreciate any background that you have on this and a suggested reply.

----- Forwarded by Chris Woodcock/NAT/CMHC-SCHL/CA on 24/10/2016 12:08 PM -----

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl,
Cc: Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl
Date: 24/10/2016 11:55 AM
Subject: Fw: Meeting tomorrow

Hi Chris,

Before I reply back to the Province, can we discuss if there is any possibility to provide an exception to the surcharge for borrowed funds when there is 5% coming from the brwr own resources (and the ppty value exceed \$500,000). I can provide you addtl details.

I'm on my way to Ottawa and will be there until end of day Wed. Would be great if we could meet and discuss.

Caroline

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Dan Maxwell <DanMaxwell@bchousing.org>

Sent: Monday, October 24, 2016 8:26 AM

To: 'csanfac@cmhc-schl.gc.ca'

Subject: RE: Meeting tomorrow

Thanks

Can you share how the surcharge is calculated? Is it a fixed percentage or is there a sliding scale?

Any chance we could get this policy changed when the additional funds are coming from another government agency?

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

From: csanfac@cmhc-schl.gc.ca [<mailto:csanfac@cmhc-schl.gc.ca>]

Sent: October-21-16 4:22 PM

To: Dan Maxwell

Subject: Re: Meeting tomorrow

Hi Dan, first of all thank you for finding the appropriate contact on Blair Riffle Range.

Second, I owe you a response to your question on the Province FTHB down payment assistance program. As mentioned, funds borrowed from any source that is arm's length to the purchase or sale of the property can be used to satisfy minimum equity requirements. Therefore there are no concerns of eligibility to our program from a down payment requirement perspective.

The additional item I would like to bring to your attention is that the premium could be different if the minimum downpayment does not all come from the borrowers' own resource. From what I understand of your program, in a scenario where the property value is \$800k and the minimum downpayment is \$55k (5% of \$500,000 + 10% of \$300,000), only a portion of the minimum downpayment would be from the borrower (\$40,000) which means there would be a premium surcharge applicable. In the case of a property value of \$450,000, the minimum downpayment is 5% and given your request the borrower to provide 5% down payment, there would be no surcharge

Hope this helps

Caroline

Caroline Sanfacon
Regional Vice-President
Office of the Regional VP (British Columbia)
csanfac@cmhc-schl.gc.ca
Telephone: 604 737-4150
Facsimile:
1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3

Caroline Sanfacon
Vice-présidente régionale
Bureau du vice-président régional, C.-B.
csanfac@cmhc-schl.gc.ca
Téléphone : 604 737-4150
Télécopieur :
1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3



s.20(1)(b)

From: Dan Maxwell <DanMaxwell@bchousing.org>
To: "csanfaco@cmhc-schl.gc.ca" <csanfaco@cmhc-schl.gc.ca>,
Cc: Armin Amrolia <aamrolia@bchousing.org>
Date: 19/10/2016 01:01 PM
Subject: Meeting tomorrow

Caroline,

For our meeting tomorrow, we hope to discuss these items:

- New Provincial Program to assist First Time Home Buyers

I am coming to your office and Armin plans to join by conference call.

See you tomorrow.

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

Chris Woodcock

From: Chris Woodcock
Sent: October-25-16 9:50 AM
To: Caroline Sanfacon
Cc: Glen Trevisani
Subject: Re: Fw: Meeting tomorrow

Hello Caroline,

I'm looking into your question below. I am free at 1pm today if you would like to discuss. Unfortunately I will be leaving for Toronto later this afternoon, returning Wednesday evening.

Chris

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl,
Cc: Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl
Date: 24/10/2016 11:55 AM
Subject: Fw: Meeting tomorrow

Hi Chris,

Before I reply back to the Province, can we discuss if there is any possibility to provide an exception to the surcharge for borrowed funds when there is 5% coming from the brwr own resources (and the ppty value exceed \$500,000). I can provide you addtl details.

I'm on my way to Ottawa and will be there until end of day Wed. Would be great if we could meet and discuss.

Caroline

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Dan Maxwell <DanMaxwell@bchousing.org>
Sent: Monday, October 24, 2016 8:26 AM
To: 'csanfaco@cmhc-schl.gc.ca'
Subject: RE: Meeting tomorrow

Thanks

Can you share how the surcharge is calculated? Is it a fixed percentage or is there a sliding scale?

Any chance we could get this policy changed when the additional funds are coming from another government agency?

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

Chris Woodcock

From: Chris Woodcock
Sent: October-24-16 12:09 PM
To: Barbara Ann Touzel
Subject: Fw: Meeting tomorrow

I would appreciate any background that you have on this and a suggested reply.

----- Forwarded by Chris Woodcock/NAT/CMHC-SCHL/CA on 24/10/2016 12:08 PM -----

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl,
Cc: Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl
Date: 24/10/2016 11:55 AM
Subject: Fw: Meeting tomorrow

Hi Chris,

Before I reply back to the Province, can we discuss if there is any possibility to provide an exception to the surcharge for borrowed funds when there is 5% coming from the brwr own resources (and the ppty value exceed \$500,000). I can provide you addtl details.

I'm on my way to Ottawa and will be there until end of day Wed. Would be great if we could meet and discuss.

Caroline

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Dan Maxwell <DanMaxwell@bchousing.org>
Sent: Monday, October 24, 2016 8:26 AM
To: 'csanfaco@cmhc-schl.gc.ca'
Subject: RE: Meeting tomorrow

Thanks

Can you share how the surcharge is calculated? Is it a fixed percentage or is there a sliding scale?

Any chance we could get this policy changed when the additional funds are coming from another government agency?

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

From: csanfaco@cmhc-schl.gc.ca [mailto:csanfaco@cmhc-schl.gc.ca]
Sent: October-21-16 4:22 PM
To: Dan Maxwell
Subject: Re: Meeting tomorrow

Hi Dan, first of all thank you for finding the appropriate contact on Blair Riffle Range.

Second, I owe you a response to your question on the Province FTHB down payment assistance program. As mentioned, funds borrowed from any source that is arm's length to the purchase or sale of the property can be used to satisfy minimum equity requirements. Therefore there are no concerns of eligibility to our program from a down payment requirement perspective.

The additional item I would like to bring to your attention is that the premium could be different if the minimum downpayment does not all come from the borrowers' own resource. From what I understand of your program, in a scenario where the property value is \$800k and the minimum downpayment is \$55k (5% of \$500,000 + 10% of \$300,000), only a portion of the minimum downpayment would be from the borrower (\$40,000) which means there would be a premium surcharge applicable. In the case of a property value of \$450,000, the minimum downpayment is 5% and given your request the borrower to provide 5% down payment, there would be no surcharge

Hope this helps

Caroline

Caroline Sanfacon
Regional Vice-President
Office of the Regional VP (British Columbia)
csanfac@cmhc-schl.gc.ca
Telephone: 604 737-4150
Facsimile:
1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfacon
Vice-présidente régionale
Bureau du vice-président régional, C.-B.
csanfac@cmhc-schl.gc.ca
Téléphone : 604 737-4150
Télécopieur :
1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



From: Dan Maxwell <DanMaxwell@bchousing.org>
To: "'csanfac@cmhc-schl.gc.ca'" <csanfac@cmhc-schl.gc.ca>,
Cc: Armin Amrolia <aamrolia@bchousing.org>
Date: 19/10/2016 01:01 PM
Subject: Meeting tomorrow

s.20(1)(b)

Caroline,

For our meeting tomorrow, we hope to discuss these items:

- Hoy Creek

I am coming to your office and Armin plans to join by conference call.

See you tomorrow.

Dan Maxwell, CPA, CA
Vice President of Corporate Services

and Chief Financial Officer
BC Housing
604 439 4756

Chris Woodcock

From: Evan W Siddall s.21(1)(a)
Sent: December-15-16 8:37 AM s.21(1)(b)
To: Steven Mennill
Cc: Albano Gidaro; Ann Fuller; Caroline Sanfacon; Chris Woodcock; Glen Trevisani; Kevin Wright; Michel A Tremblay; Scott Drover
Subject: Re: Updated Messages re. BC Announcement

Evan

From: Steven C Mennill
Sent: Thursday, December 15, 2016 8:27 AM
To: Evan W Siddall
Cc: Albano Gidaro; Ann Fuller; Caroline Sanfacon; Chris Woodcock; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Scott Drover
Subject: Re: Updated Messages re. BC Announcement

Scott: In #3 I think we should consider making it more explicit that our standards (and the premium surcharge) are there for risk reasons - they pre-date this BC initiative and are designed to ensure that the risk to CMHC as an insurer is responsibly managed.

Steve Mennill
Senior Vice-President
Insurance
smennill@cmhc-schl.gc.ca
Telephone: 613 748-2772
Facsimile:
700 Montreal Road, A3-, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Steve Mennill
Premier vice-président
Assurance
smennill@cmhc-schl.gc.ca
Téléphone : 613 748-2772
Télécopieur :
700, Chemin Montreal, A3-, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

Evan W Siddall---15/12/2016 06:45:34 AM---On the premium surcharge - we could say it would apply "anytime the borrower isn't providing the full minimum down payment wi

From: Evan W Siddall/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl, Scott Drover/NAT/CMHC-SCHL/CA@cmhc-schl, Ann Fuller/NAT/CMHC-SCHL/CA@cmhc-schl, Albano Gidaro/QUE/CMHC-SCHL/CA@cmhc-schl, Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Kevin Wright/NAT/CMHC-SCHL/CA@cmhc-schl, Michel A Tremblay/NAT/CMHC-SCHL/CA@cmhc-schl, Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl,
Date: 15/12/2016 06:45 AM
Subject: Re: Updated Messages re. BC Announcement

BTW, typo: I'm ok with what you"have" (not face). It would be better with this addition.

s.21(1)(a)

s.21(1)(b)

Evan

From: Chris Woodcock

Sent: Thursday, December 15, 2016 6:41 AM

To: Evan W Siddall; Scott Drover; Ann Fuller; Albano Gidaro; Caroline Sanfacon; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill

Subject: Re: Updated Messages re. BC Announcement

On the premium surcharge - we could say it would apply "anytime the borrower isn't providing the full minimum down payment without assistance."

Scott for info, some examples would be a case where a borrower has less than five percent towards a <\$500,000 purchase, or even five percent towards a >\$500,000 property (doesn't have the 10% for the portion over \$500,000). The ability for the borrower to get help meeting the minimum down payment is an existing policy, not something being done for BC.

From: Evan W Siddall

Sent: Thursday, December 15, 2016 6:34 AM

To: Scott Drover; Ann Fuller; Albano Gidaro; Caroline Sanfacon; Chris Woodcock; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill

Subject: Re: Updated Messages re. BC Announcement

Thanks for attending to this. I'm ok with what you face, Scott.

Especially given DoF's stronger tone, we should reinforce our concerns and our responsibility to ensure that our programs aren't making a bad situation worse.

I think you've accomplished that. Are we sure we don't want to mention the fact that we will charge a premium for unconventional d/p? It's factual and subtly manifests our disagreement with BC's policy.

I do think there is value in pointing specifically to the Bank's new FSR, bring released this morning.

Evan

From: Scott Drover

Sent: Thursday, December 15, 2016 6:17 AM

To: Ann Fuller; Albano Gidaro; Caroline Sanfacon; Chris Woodcock; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill; Evan W Siddall

Subject: Updated Messages re. BC Announcement

Thanks for the input and feedback to this point! I've updated the messaging to reflect the comments I received last night and have added Evan back to the email chain.

Timing is getting tight so I'm hoping we're getting close!

Here is what I am proposing for the new messages.

1. Statistics Canada announced yesterday the Canadian household debt levels have reached a new record high and the Bank of Canada continues to flag elevated household debt as the top vulnerability to financial stability in Canada.
2. Our Housing Market Assessment has identified strong evidence of problematic conditions in Metro Vancouver. Continued price growth is of particular concern.

3. Our concerns with housing markets are well known. We are aware of the new program and will be applying our usual standards which include testing a borrower's ability to repay not only their mortgage but also their other debts, including the new incentive.

4. CMHC is committed to helping Canadian meet their housing needs. We encourage all aspiring homebuyers to make informed and responsible homebuying decisions that don't put their financial futures at risk, especially in a market that is showing signs of overvaluation.

This file has more detailed info on how the messages above have evolved, including Evan's direction and the likely direction of the DoF messages for those who would like more detail.

(See attached file: BC HOAP - CMHC Messages.docx)

Thanks!

Scott

Ann Fuller---14/12/2016 11:21:12 PM---Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ann Fuller/NAT/CMHC-SCHL/CA
 To: Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl, Scott Drover/NAT/CMHC-SCHL/CA@cmhc-schl,
 Cc: Albano Gidaro/QUE/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Kevin Wright/NAT/CMHC-SCHL/CA@cmhc-schl,
 Michel A Tremblay/NAT/CMHC-SCHL/CA@cmhc-schl, Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl, Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl
 Date: 14/12/2016 11:21 PM
 Subject: Re: Announcement at 1030 tomorrow...

Perhaps delete 4 and frame 2 in the positive instead?

And perhaps tweak your suggestion to something like:

"To be responsible, we will have to apply our usual review, including stress-testing the borrower's ability to repay the mortgage, the loan from the province and all other debts. But let's be clear, we all want the same thing: people to be able to buy homes ...homes they can afford that don't put their financial futures at risk."

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Chris Woodcock

Sent: Wednesday, December 14, 2016 10:46 PM

To: Scott Drover

Cc: Albano Gidaro; Ann Fuller; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill; Caroline Sanfacon

Subject: Re: Announcement at 1030 tomorrow...

Perhaps delete 4 and frame 2 in the positive instead?

s.21(1)(b)

And perhaps tweak your suggestion to something like:

'To be responsible, we will have to apply our usual review, including stress-testing the borrower's ability to repay the mortgage, the loan from the province and all other debts. But let's be clear, we all want the same thing: people to be able to buy homes ...and homes they can afford that don't put their financial futures at risk.'

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Chris Woodcock

Sent: Wednesday, December 14, 2016 10:46 PM

To: Scott Drover

Cc: Albano Gidaro; Ann Fuller; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill; Caroline Sanfacon

Subject: Re: Announcement at 1030 tomorrow...

I'm not up to speed on the full tactical situation with our media comments;

could merge with Bullet 5 and say something like:

'Our concerns with housing markets are well known. We are aware of BC's program. We will be applying our usual rigorous underwriting standards, which includes stress-testing the borrower's ability to repay the mortgage, the loan from the province and all other debts. We're not making exceptions in this case.'

From: Scott Drover

Sent: Wednesday, December 14, 2016 9:57 PM

Cc: Albano Gidaro; Ann Fuller; Chris Woodcock; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill; Caroline Sanfacon

Subject: Re: Fw: Announcement at 1030 tomorrow...

I've cut Evan from this email to avoid filling his inbox until we have something closer to final. I think we have most of this covered with the messaging I shared with Caroline (now cc'd) earlier today.

I've just tweaked these bullets slightly to reflect Evan's direction/comment.

I did add in a reference to the StatsCan report today on DTI in the 1st bullet.

For those who haven't seen this yet, I had been under the impression that the announcement was going to be made Friday. Sorry! Also, for background, the bulk of these points are repeating points we've made in the Bank of England and VBoT presentations.

1. *Statistics Canada announced yesterday the Canadian household debt levels have reached a new record high and the Bank of Canada continues to flag elevated household debt as the top vulnerability to financial stability in Canada.*

2.

3. *Our Housing Market Assessment has identified strong evidence of problematic conditions in Metro Vancouver. Continued price growth is of particular concern.*

4.

5. Homebuyers applying for CMHC mortgage loan insurance using this new program will have their applications processed using standard CMHC polices for homeowners with non-traditional down payments.

Happy to receive thoughts and reconcile accordingly. The intro to the 4th point especially could use some massaging but I wanted to get this out quickly.

Thanks!

Scott

Evan W Siddall---14/12/2016 09:23:32 PM---From: Evan W Siddall/NAT/CMHC-SCHL/CA To: Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-s

From: Evan W Siddall/NAT/CMHC-SCHL/CA
To: Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl,
Cc: Michel A Tremblay/NAT/CMHC-SCHL/CA@cmhc-schl, Ann Fuller/NAT/CMHC-SCHL/CA@cmhc-schl, Scott Drover/NAT/CMHC-SCHL/CA@cmhc-schl, Kevin Wright/NAT/CMHC-SCHL/CA@cmhc-schl, Albano Gidaro/QUE/CMHC-SCHL/CA@cmhc-schl
Date: 14/12/2016 09:23 PM
Subject: Fw: Announcement at 1030 tomorrow...

FYI, BC will announce tomorrow. We need to be prepared with media lines, such as:

- make note release of BoC FSR (tomorrow, which will continue to highlight housing risks and increasing # of vulnerable homeowners --
- we have previously expressed our concern about increasing vulnerabilities among FTHBs
- provinces free to act as they choose
- per policy, we will charge an incremental premium on those who use the program, and impute 'stress test' level interest charges when underwriting to properly account for the inherent risk of the increased borrowing

Evan

Original Message

From: Shayne Ramsay <sramsay@bchousing.org>
Sent: Wednesday, December 14, 2016 8:38 PM
To: Evan Siddall
Cc: Caroline Sanfacon
Subject: Announcement at 1030 tomorrow...

[attachment '2016PREM0153-002759.pdf' deleted by Scott Drover/NAT/CMHC-SCHL/CA] [attachment 'ATT00001.txt' deleted by Scott Drover/NAT/CMHC-SCHL/CA]

Chris Woodcock

From: Chris Woodcock
Sent: December-15-16 10:31 AM
To: Eleanor Hughes; Barbara Ann Touzel; Christie Breton
Subject: Fw: Updated Messages re. BC Announcement

Latest...

From: Scott Drover <sdrover@cmhc-schl.gc.ca>
Sent: Thursday, December 15, 2016 9:50 AM
To: Glen V Trevisani
Cc: Steven C Mennill; Evan W Siddall; Albano Gidaro; Ann Fuller; Caroline Sanfacon; Chris Woodcock; Kevin Wright; Michel A Tremblay
Subject: Re: Updated Messages re. BC Announcement

Thanks for the continued feedback!

Steve and Glen's comments both addressed here. Any other thoughts/comments?

1. Household debt levels have reached a new record high and the Bank of Canada continues to flag elevated household debt as the top vulnerability to financial stability in Canada. The Bank's Financial System Review released earlier today reinforces these risks, especially with respect to housing market imbalances.
2. Our concerns with housing markets are well known. **Our Housing Market Assessment has identified strong evidence of problematic conditions in Metro Vancouver. Continued price growth is of particular concern.**
3. We are aware of the down payment assistance program and will be applying our usual standards to borrowers taking advantage of the support program. These standards include testing a borrower's ability to repay not only their mortgage but also their other debts, including the new incentive, as well as a premium surcharge anytime a borrower is not providing the full minimum down payment without assistance.
4. Our standards for homebuyers receiving down payment assistance reflect the additional risk in these applications. They are not new and apply equally in all of Canada.
5. **CMHC is committed to helping Canadian meet their housing needs. We encourage all aspiring homebuyers to make informed and responsible homebuying decisions that don't put their financial futures at risk, especially in a market that is showing signs of overvaluation.**

Glen V Trevisani---15/12/2016 09:18:49 AM---Another minor point, if you start bullet 4 "CMHC standards for homebuyers receiving...." could allow

From: Glen V Trevisani/NAT/CMHC-SCHL/CA
To: Steven C Mennill/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Scott Drover/NAT/CMHC-SCHL/CA@CMHC-SCHL, Evan W Siddall/NAT/CMHC-SCHL/CA@CMHC-SCHL, Albano Gidaro/QUE/CMHC-SCHL/CA@CMHC-SCHL, Ann Fuller/NAT/CMHC-SCHL/CA@CMHC-SCHL, Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL, Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Kevin Wright/NAT/CMHC-SCHL/CA@CMHC-SCHL, Michel A Tremblay/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 15/12/2016 09:18 AM
Subject: Re: Updated Messages re. BC Announcement

Another minor point, if you start bullet 4 "CMHC standards for homebuyers receiving...." could allow for 3 and 4 to be

used jointly or separately. I think it also helps to emphasise a view that any standard more lenient than CMHC's is not prudent.

Glen V Trevisani
Vice-President, Insurance Operations

gtrevisa@cmhc-schl.gc.ca
Telephone: 613 748-4049
Facsimile: 613 748-2433
700 Montreal Road, A2-427, Ottawa, ON, K1A 0P7
[Canada Mortgage and Housing Corporation \(CMHC\)](#)
www.cmhc.ca

Glen V Trevisani
Vice-président, Activités d'assurance

gtrevisa@cmhc-schl.gc.ca
Téléphone : 613 748-4049
Télécopieur : 613 748-2433
700, Chemin Montreal, A2-427, Ottawa, ON, K1A 0P7
[Société canadienne d'hypothèques et de logement \(SCHL\)](#)
www.schl.ca

Steven C Mennill---15/12/2016 09:00:07 AM---Only one minor point. I might move the first sentence in bullet 3 to bullet 2 i.e. keep the housing

From: Steven C Mennill/NAT/CMHC-SCHL/CA
To: Scott Drover/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Evan W Siddall/NAT/CMHC-SCHL/CA@CMHC-SCHL, Albano Gidaro/QUE/CMHC-SCHL/CA@CMHC-SCHL, Ann Fuller/NAT/CMHC-SCHL/CA@CMHC-SCHL, Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL, Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Glen V Trevisani/NAT/CMHC-SCHL/CA@CMHC-SCHL, Kevin Wright/NAT/CMHC-SCHL/CA@CMHC-SCHL, Michel A Tremblay/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 15/12/2016 09:00 AM
Subject: Re: Updated Messages re. BC Announcement

Only one minor point. I might move the first sentence in bullet 3 to bullet 2 i.e. keep the housing market point separate from the underwriting risk point.

Steve Mennill
Senior Vice-President
Insurance
smennill@cmhc-schl.gc.ca
Telephone: 613 748-2772
Facsimile:
700 Montreal Road, A3-, Ottawa, ON, K1A 0P7
[Canada Mortgage and Housing Corporation \(CMHC\)](#)
www.cmhc.ca

Steve Mennill
Premier vice-président
Assurance
smennill@cmhc-schl.gc.ca
Téléphone : 613 748-2772
Télécopieur :
700, Chemin Montreal, A3-, Ottawa, ON, K1A 0P7
[Société canadienne d'hypothèques et de logement \(SCHL\)](#)
www.schl.ca

Scott Drover---15/12/2016 08:51:34 AM---I've done some slight massaging based on the latest feedback. Point 1 - I've built in a reference t

From: Scott Drover/NAT/CMHC-SCHL/CA
To: Evan W Siddall/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Albano Gidaro/QUE/CMHC-SCHL/CA@CMHC-SCHL, Ann Fuller/NAT/CMHC-SCHL/CA@CMHC-SCHL, Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL, Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Glen V Trevisani/NAT/CMHC-SCHL/CA@CMHC-SCHL, Kevin Wright/NAT/CMHC-SCHL/CA@CMHC-SCHL, Michel A Tremblay/NAT/CMHC-SCHL/CA@CMHC-SCHL, Steven C Mennill/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 15/12/2016 08:51 AM
Subject: Re: Updated Messages re. BC Announcement

I've done some slight massaging based on the latest feedback.

Point 1 - I've built in a reference to the FSR (I have only done a very quick scan of an embargoed version).

Point 3 - edited to reflect the premium surcharge and split with point 4

Point 4 - shows that surcharge reflects the added risk but that we are treating all regions the same.

1. Household debt levels have reached a new record high and the Bank of Canada continues to flag elevated household debt as the top vulnerability to financial stability in Canada. The Bank's Financial System Review released earlier today reinforces these risks, especially with respect to housing market imbalances.
2. Our Housing Market Assessment has identified strong evidence of problematic conditions in Metro Vancouver. Continued price growth is of particular concern.
3. Our concerns with housing markets are well known. We are aware of the down payment assistance program and will be applying our usual standards to borrowers taking advantage of the support program. These standards include testing a borrower's ability to repay not only their mortgage but also their other debts, including the new incentive, as well as a premium surcharge anytime a borrower is not providing the full minimum down payment without assistance.
4. The different standards for homebuyers receiving down payment assistance reflect the additional risk in these applications. They are not new and apply equally in all of Canada.
5. CMHC is committed to helping Canadian meet their housing needs. We encourage all aspiring homebuyers to make informed and responsible homebuying decisions that don't put their financial futures at risk, especially in a market that is showing signs of overvaluation.

Evan W Siddall---15/12/2016 08:37:23 AM---Scott: In #3 I think we should consider making it more explicit that our standards (and the premium surcharge) are there for ri

From: Evan W Siddall/NAT/CMHC-SCHL/CA
 To: Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl,
 Cc: Albano Gidaro/QUE/CMHC-SCHL/CA@cmhc-schl, Ann Fuller/NAT/CMHC-SCHL/CA@cmhc-schl, Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl,
 Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Kevin Wright/NAT/CMHC-SCHL/CA@cmhc-schl,
 Michel A Tremblay/NAT/CMHC-SCHL/CA@cmhc-schl, Scott Drover/NAT/CMHC-SCHL/CA@cmhc-schl
 Date: 15/12/2016 08:37 AM
 Subject: Re: Updated Messages re. BC Announcement

Evan

From: Steven C Mennill
Sent: Thursday, December 15, 2016 8:27 AM
To: Evan W Siddall
Cc: Albano Gidaro; Ann Fuller; Caroline Sanfacon; Chris Woodcock; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Scott Drover
Subject: Re: Updated Messages re. BC Announcement

Scott: In #3 I think we should consider making it more explicit that our standards (and the premium surcharge) are there for risk reasons - they pre-date this BC initiative and are designed to ensure that the risk to CMHC as an insurer is responsibly managed.

Steve Mennill
Senior Vice-President
Insurance
smennill@cmhc-schl.gc.ca
Telephone: 613 748-2772
Facsimile:
700 Montreal Road, A3-, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Steve Mennill
Premier vice-président
Assurance
smennill@cmhc-schl.gc.ca
Téléphone : 613 748-2772
Télécopieur :
700, Chemin Montreal, A3-, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

Evan W Siddall---15/12/2016 06:45:34 AM---On the premium surcharge - we could say it would apply "anytime the borrower isn't providing the full minimum down payment wi

From: Evan W Siddall/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl, Scott Drover/NAT/CMHC-SCHL/CA@cmhc-schl, Ann Fuller/NAT/CMHC-SCHL/CA@cmhc-schl, Albano Gidaro/QUE/CMHC-SCHL/CA@cmhc-schl, Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Kevin Wright/NAT/CMHC-SCHL/CA@cmhc-schl, Michel A Tremblay/NAT/CMHC-SCHL/CA@cmhc-schl, Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl,
Date: 15/12/2016 06:45 AM
Subject: Re: Updated Messages re. BC Announcement

BTW, typo: I'm ok with what you"have" (not face). It would be better with this addition.

Evan

From: Chris Woodcock
Sent: Thursday, December 15, 2016 6:41 AM
To: Evan W Siddall; Scott Drover; Ann Fuller; Albano Gidaro; Caroline Sanfacon; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill
Subject: Re: Updated Messages re. BC Announcement

On the premium surcharge - we could say it would apply "anytime the borrower isn't providing the full minimum down payment without assistance."

Scott for info, some examples would be a case where a borrower has less than five percent towards a <\$500,000 purchase, or even five percent towards a >\$500,000 property (doesn't have the 10% for the portion over \$500,000). The ability for the borrower to get help meeting the minimum down payment is an existing policy, not something being done for BC.

From: Evan W Siddall
Sent: Thursday, December 15, 2016 6:34 AM
To: Scott Drover; Ann Fuller; Albano Gidaro; Caroline Sanfacon; Chris Woodcock; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill
Subject: Re: Updated Messages re. BC Announcement

Thanks for attending to this. I'm ok with what you face, Scott.

Especially given DoF's stronger tone, we should reinforce our concerns and our responsibility to ensure that our programs aren't making a bad situation worse.

I think you've accomplished that. Are we sure we don't want to mention the fact that we will charge a

premium for unconventional d/p? It's factual and subtly manifests our disagreement with BC's policy.

s.21(1)(b)

I do think there is value in pointing specifically to the Bank's new FSR, bring released this morning.

Evan
From: Scott Drover
Sent: Thursday, December 15, 2016 6:17 AM
To: Ann Fuller; Albano Gidaro; Caroline Sanfacon; Chris Woodcock; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill; Evan W Siddall
Subject: Updated Messages re. BC Announcement

Thanks for the input and feedback to this point! I've updated the messaging to reflect the comments I received last night and have added Evan back to the email chain.

Timing is getting tight so I'm hoping we're getting close!

Here is what I am proposing for the new messages.

The more difficult messages may be better delivered behind the scenes.

1. Statistics Canada announced yesterday the Canadian household debt levels have reached a new record high and the Bank of Canada continues to flag elevated household debt as the top vulnerability to financial stability in Canada.
2. Our Housing Market Assessment has identified strong evidence of problematic conditions in Metro Vancouver. Continued price growth is of particular concern.
3. Our concerns with housing markets are well known. We are aware of the new program and will be applying our usual standards which include testing a borrower's ability to repay not only their mortgage but also their other debts, including the new incentive.
4. CMHC is committed to helping Canadian meet their housing needs. We encourage all aspiring homebuyers to make informed and responsible homebuying decisions that don't put their financial futures at risk, especially in a market that is showing signs of overvaluation.

This file has more detailed info on how the messages above have evolved, including Evan's direction and the likely direction of the DoF messages for those who would like more detail.

(See attached file: BC HOAP - CMHC Messages.docx)

Thanks!

Scott

Ann Fuller---14/12/2016 11:21:12 PM---Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ann Fuller/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl, Scott Drover/NAT/CMHC-SCHL/CA@cmhc-schl,
Cc: Albano Gidaro/QUE/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Kevin Wright/NAT/CMHC-SCHL/CA@cmhc-schl,
Michel A Tremblay/NAT/CMHC-SCHL/CA@cmhc-schl, Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl, Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl
Date: 14/12/2016 11:21 PM
Subject: Re: Announcement at 1030 tomorrow...

Perhaps delete 4 and frame 2 in the positive instead?

And perhaps tweak your suggestion to something like:

"To be responsible, we will have to apply our usual review, including stress-testing the borrower's ability to repay the mortgage, the loan from the province and all other debts. But let's be clear, we all want the same thing: people to be able to buy homes ...homes they can afford that don't put their financial futures at risk."

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Chris Woodcock

Sent: Wednesday, December 14, 2016 10:46 PM

To: Scott Drover

Cc: Albano Gidaro; Ann Fuller; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill; Caroline Sanfacon

Subject: Re: Announcement at 1030 tomorrow...

Perhaps delete 4 and frame 2 in the positive instead?

And perhaps tweak your suggestion to something like:

'To be responsible, we will have to apply our usual review, including stress-testing the borrower's ability to repay the mortgage, the loan from the province and all other debts. But let's be clear, we all want the same thing: people to be able to buy homes ...and homes they can afford that don't put their financial futures at risk.'

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Chris Woodcock

Sent: Wednesday, December 14, 2016 10:46 PM

To: Scott Drover

Cc: Albano Gidaro; Ann Fuller; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill; Caroline Sanfacon

Subject: Re: Announcement at 1030 tomorrow...

I'm not up to speed on the full tactical situation with our media comments;

could merge with Bullet 5 and say something like:

'Our concerns with housing markets are well known. We are aware of BC's program. We will be applying our usual rigorous underwriting standards, which includes stress-testing the borrower's ability to repay the mortgage, the loan from the province and all other debts. We're not making exceptions in this case.'

From: Scott Drover

Sent: Wednesday, December 14, 2016 9:57 PM

Cc: Albano Gidaro; Ann Fuller; Chris Woodcock; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill; Caroline Sanfacon

Subject: Re: Fw: Announcement at 1030 tomorrow...

I've cut Evan from this email to avoid filling his inbox until we have something closer to final. I think we have most of this covered with the messaging I shared with Caroline (now cc'd) earlier today.

I've just tweaked these bullets slightly to reflect Evan's direction/comment.

I did add in a reference to the StatsCan report today on DTI in the 1st bullet.

For those who haven't seen this yet, I had been under the impression that the announcement was going to be made Friday. Sorry! Also, for background, the bulk of these points are repeating points we've made in the Bank of England and VBoT presentations.

1. *Statistics Canada announced yesterday the Canadian household debt levels have reached a new record high and the Bank of Canada continues to flag elevated household debt as the top vulnerability to financial stability in Canada.*

2.

3. *Our Housing Market Assessment has identified strong evidence of problematic conditions in Metro Vancouver. Continued price growth is of particular concern.*

4.

5. *Homebuyers applying for CMHC mortgage loan insurance using this new program will have their applications processed using standard CMHC polices for homeowners with non-traditional down payments.*

Happy to receive thoughts and reconcile accordingly. The intro to the 4th point especially could use some massaging but I wanted to get this out quickly.

Thanks!

Scott

Evan W Siddall---14/12/2016 09:23:32 PM---From: Evan W Siddall/NAT/CMHC-SCHL/CA To: Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-s

From: Evan W Siddall/NAT/CMHC-SCHL/CA

To: Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl,

Cc: Michel A Tremblay/NAT/CMHC-SCHL/CA@cmhc-schl, Ann Fuller/NAT/CMHC-SCHL/CA@cmhc-schl, Scott Drover/NAT/CMHC-SCHL/CA@cmhc-schl, Kevin Wright/NAT/CMHC-SCHL/CA@cmhc-schl, Albano Gidaro/QUE/CMHC-SCHL/CA@cmhc-schl

Date: 14/12/2016 09:23 PM

Subject: Fw: Announcement at 1030 tomorrow...

FYI, BC will announce tomorrow. We need to be prepared with media lines, such as:

- make note release of BoC FSR (tomorrow, which will continue to highlight housing risks and increasing # of vulnerable homeowners --
- we have previously expressed our concern about increasing vulnerabilities among FTHBs
- provinces free to act as they choose
- per policy, we will charge an incremental premium on those who use the program, and impute 'stress test' level interest charges when underwriting to properly account for the inherent risk of the increased borrowing

s.21(1)(a)

s.21(1)(b)

Evan

Original Message

From: Shayne Ramsay <sramsay@bchousing.org>

Sent: Wednesday, December 14, 2016 8:38 PM

To: Evan Siddall

Cc: Caroline Sanfacon

Subject: Announcement at 1030 tomorrow...

[attachment '2016PREM0153-002759.pdf' deleted by Scott Drover/NAT/CMHC-SCHL/CA] [attachment 'ATT00001.txt' deleted by Scott Drover/NAT/CMHC-SCHL/CA]

Chris Woodcock

From: Scott Drover
Sent: December-15-16 9:50 AM
To: Glen Trevisani
Cc: Steven Mennill; Evan W Siddall; Albano Gidaro; Ann Fuller; Caroline Sanfacon; Chris Woodcock; Kevin Wright; Michel A Tremblay
Subject: Re: Updated Messages re. BC Announcement

This email contains content that can be viewed only in Lotus Notes. To view this content, double-click on this email within Outlook so it opens in a separate window. Then, double-click on this attachment to open it in Lotus Notes:



ActiveMail.nsf

A text rendering of the Active Mail content, if available, is shown below:

Thanks for the continued feedback!

Steve and Glen's comments both addressed here. Any other thoughts/comments?

1. **Household debt levels have reached a new record high and the Bank of Canada continues to flag elevated household debt as the top vulnerability to financial stability in Canada.** The Bank's Financial System Review released earlier today reinforces these risks, especially with respect to housing market imbalances.
2. **Our concerns with housing markets are well known. Our Housing Market Assessment has identified strong evidence of problematic conditions in Metro Vancouver. Continued price growth is of particular concern.**
3. We are aware of the down payment assistance program and will be applying our usual standards to borrowers taking advantage of the support program. These standards include testing a borrower's ability to repay not only their mortgage but also their other debts, including the new incentive, as well as a premium surcharge anytime a borrower is not providing the full minimum down payment without assistance.
4. Our standards for homebuyers receiving down payment assistance reflect the additional risk in these applications. They are not new and apply equally in all of Canada.
5. **CMHC is committed to helping Canadian meet their housing needs. We encourage all aspiring homebuyers to make informed and responsible homebuying decisions that don't put their financial futures at risk, especially in a market that is showing signs of overvaluation.**

From: Glen V Trevisani/NAT/CMHC-SCHL/CA
To: Steven C Mennill/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Scott Drover/NAT/CMHC-SCHL/CA@CMHC-SCHL, Evan W Siddall/NAT/CMHC-SCHL/CA@CMHC-SCHL, Albano Gidaro/QUE/CMHC-SCHL/CA@CMHC-SCHL, Ann Fuller/NAT/CMHC-SCHL/CA@CMHC-SCHL, Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL, Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Kevin Wright/NAT/CMHC-SCHL/CA@CMHC-SCHL, Michel A Tremblay/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 15/12/2016 09:18 AM
Subject: Re: Updated Messages re. BC Announcement

Another minor point, if you start bullet 4 "CMHC standards for homebuyers receiving...." could allow for 3 and 4 to be used jointly or separately. I think it also helps to emphasise a view that any standard more lenient than CMHC's is not

prudent.

s.21(1)(b)

Glen V Trevisani
Vice-President, Insurance Operations

gtrevisa@cmhc-schl.gc.ca
Telephone: 613 748-4049
Facsimile: 613 748-2433
700 Montreal Road, A2-427, Ottawa, ON, K1A 0P7
[Canada Mortgage and Housing Corporation \(CMHC\)](#)
www.cmhc.ca

Glen V Trevisani
Vice-président, Activités d'assurance

gtrevisa@cmhc-schl.gc.ca
Téléphone : 613 748-4049
Télécopieur : 613 748-2433
700, Chemin Montreal, A2-427, Ottawa, ON, K1A 0P7
[Société canadienne d'hypothèques et de logement \(SCHL\)](#)
www.schl.ca

From: Steven C Mennill/NAT/CMHC-SCHL/CA
To: Scott Drover/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Evan W Siddall/NAT/CMHC-SCHL/CA@CMHC-SCHL, Albano Gidaro/QUE/CMHC-SCHL/CA@CMHC-SCHL, Ann Fuller/NAT/CMHC-SCHL/CA@CMHC-SCHL, Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL, Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Glen V Trevisani/NAT/CMHC-SCHL/CA@CMHC-SCHL, Kevin Wright/NAT/CMHC-SCHL/CA@CMHC-SCHL, Michel A Tremblay/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 15/12/2016 09:00 AM
Subject: Re: Updated Messages re. BC Announcement

Only one minor point. I might move the first sentence in bullet 3 to bullet 2 i.e. keep the housing market point separate from the underwriting risk point.

Steve Mennill
Senior Vice-President
Insurance
smennill@cmhc-schl.gc.ca
Telephone: 613 748-2772
Facsimile:
700 Montreal Road, A3-, Ottawa, ON, K1A 0P7
[Canada Mortgage and Housing Corporation \(CMHC\)](#)
www.cmhc.ca

Steve Mennill
Premier vice-président
Assurance
smennill@cmhc-schl.gc.ca
Téléphone : 613 748-2772
Télécopieur :
700, Chemin Montreal, A3-, Ottawa, ON, K1A 0P7
[Société canadienne d'hypothèques et de logement \(SCHL\)](#)
www.schl.ca

From: Scott Drover/NAT/CMHC-SCHL/CA
To: Evan W Siddall/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Albano Gidaro/QUE/CMHC-SCHL/CA@CMHC-SCHL, Ann Fuller/NAT/CMHC-SCHL/CA@CMHC-SCHL, Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL, Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Glen V Trevisani/NAT/CMHC-SCHL/CA@CMHC-SCHL, Kevin Wright/NAT/CMHC-SCHL/CA@CMHC-SCHL, Michel A Tremblay/NAT/CMHC-SCHL/CA@CMHC-SCHL, Steven C Mennill/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 15/12/2016 08:51 AM
Subject: Re: Updated Messages re. BC Announcement

I've done some slight massaging based on the latest feedback.

Point 1 - I've built in a reference to the FSR (I have only done a very quick scan of an embargoed version).

Point 3 - edited to reflect the premium surcharge and split with point 4

Point 4 - shows that surcharge reflects the added risk but that we are treating all regions the same.

1. Household debt levels have reached a new record high and the Bank of Canada continues to flag elevated household debt as the top vulnerability to financial stability in Canada. The Bank's Financial System Review released earlier today reinforces these risks, especially with respect to housing market imbalances.
2. Our Housing Market Assessment has identified strong evidence of problematic conditions in Metro Vancouver. Continued price growth is of particular concern.
3. Our concerns with housing markets are well known. We are aware of the down payment assistance program and will be applying our usual standards to borrowers taking advantage of the support program. These standards include testing a borrower's ability to repay not only their mortgage but also their other debts, including the new incentive, as well as a premium surcharge anytime a borrower is not providing the full minimum down payment without assistance.
4. The different standards for homebuyers receiving down payment assistance reflect the additional risk in these applications. They are not new and apply equally in all of Canada.
5. CMHC is committed to helping Canadian meet their housing needs. We encourage all aspiring homebuyers to make informed and responsible homebuying decisions that don't put their financial futures at risk, especially in a market that is showing signs of overvaluation.

From: Evan W Siddall/NAT/CMHC-SCHL/CA
 To: Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl,
 Cc: Albano Gidaro/QUE/CMHC-SCHL/CA@cmhc-schl, Ann Fuller/NAT/CMHC-SCHL/CA@cmhc-schl, Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl, Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Kevin Wright/NAT/CMHC-SCHL/CA@cmhc-schl, Michel A Tremblay/NAT/CMHC-SCHL/CA@cmhc-schl, Scott Drover/NAT/CMHC-SCHL/CA@cmhc-schl
 Date: 15/12/2016 08:37 AM
 Subject: Re: Updated Messages re. BC Announcement

Evan
From: Steven C Mennill
Sent: Thursday, December 15, 2016 8:27 AM
To: Evan W Siddall
Cc: Albano Gidaro; Ann Fuller; Caroline Sanfacon; Chris Woodcock; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Scott Drover
Subject: Re: Updated Messages re. BC Announcement

Scott: In #3 I think we should consider making it more explicit that our standards (and the premium surcharge) are there for risk reasons - they pre-date this BC initiative and are designed to ensure that the risk to CMHC as an insurer is responsibly managed.

Steve Mennill
Senior Vice-President
Insurance
smennill@cmhc-schl.gc.ca
Telephone: 613 748-2772
Facsimile:
700 Montreal Road, A3-, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Steve Mennill
Premier vice-président
Assurance
smennill@cmhc-schl.gc.ca
Téléphone : 613 748-2772
Télécopieur :
700, Chemin Montreal, A3-, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

Evan W Siddall---15/12/2016 06:45:34 AM---On the premium surcharge - we could say it would apply "anytime the borrower isn't providing the full minimum down payment wi

From: Evan W Siddall/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl, Scott Drover/NAT/CMHC-SCHL/CA@cmhc-schl, Ann Fuller/NAT/CMHC-SCHL/CA@cmhc-schl, Albano Gidaro/QUE/CMHC-SCHL/CA@cmhc-schl, Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Kevin Wright/NAT/CMHC-SCHL/CA@cmhc-schl, Michel A Tremblay/NAT/CMHC-SCHL/CA@cmhc-schl, Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl,
Date: 15/12/2016 06:45 AM
Subject: Re: Updated Messages re. BC Announcement

BTW, typo: I'm ok with what you"have" (not face). It would be better with this addition.

Evan

From: Chris Woodcock
Sent: Thursday, December 15, 2016 6:41 AM
To: Evan W Siddall; Scott Drover; Ann Fuller; Albano Gidaro; Caroline Sanfacon; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill
Subject: Re: Updated Messages re. BC Announcement

On the premium surcharge - we could say it would apply "anytime the borrower isn't providing the full minimum down payment without assistance."

Scott for info, some examples would be a case where a borrower has less than five percent towards a <\$500,000 purchase, or even five percent towards a >\$500,000 property (doesn't have the 10% for the portion over \$500,000). The ability for the borrower to get help meeting the minimum down payment is an existing policy, not something being done for BC.

From: Evan W Siddall
Sent: Thursday, December 15, 2016 6:34 AM
To: Scott Drover; Ann Fuller; Albano Gidaro; Caroline Sanfacon; Chris Woodcock; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill
Subject: Re: Updated Messages re. BC Announcement

Thanks for attending to this. I'm ok with what you face, Scott.

Especially given DoF's stronger tone, we should reinforce our concerns and our responsibility to ensure that our programs aren't making a bad situation worse.

I think you've accomplished that. Are we sure we don't want to mention the fact that we will charge a premium for unconventional d/p? It's factual and subtly manifests our disagreement with BC's policy.

I do think there is value in pointing specifically to the Bank's new FSR, bring released this morning.

Evan

From: Scott Drover
Sent: Thursday, December 15, 2016 6:17 AM
To: Ann Fuller; Albano Gidaro; Caroline Sanfacon; Chris Woodcock; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill; Evan W Siddall
Subject: Updated Messages re. BC Announcement

Thanks for the input and feedback to this point! I've updated the messaging to reflect the comments I received last night and have added Evan back to the email chain.

Timing is getting tight so I'm hoping we're getting close!

Here is what I am proposing for the new messages. These are a fair bit 'nicer' when compared to the starting point and as a result should be less controversial. The more difficult messages may be better delivered behind the scenes.

1. Statistics Canada announced yesterday the Canadian household debt levels have reached a new record high and the Bank of Canada continues to flag elevated household debt as the top vulnerability to financial stability in Canada.

2. Our Housing Market Assessment has identified strong evidence of problematic conditions in Metro Vancouver. Continued price growth is of particular concern.

3. Our concerns with housing markets are well known. We are aware of the new program and will be applying our usual standards which include testing a borrower's ability to repay not only their mortgage but also their other debts, including the new incentive.

4. CMHC is committed to helping Canadian meet their housing needs. We encourage all aspiring homebuyers to make informed and responsible homebuying decisions that don't put their financial futures at risk, especially in a market that is showing signs of overvaluation.

This file has more detailed info on how the messages above have evolved, including Evan's direction and the likely direction of the DoF messages for those who would like more detail.

(See attached file: BC HOAP - CMHC Messages.docx)

Thanks!

Scott

Ann Fuller---14/12/2016 11:21:12 PM---Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ann Fuller/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl, Scott Drover/NAT/CMHC-SCHL/CA@cmhc-schl,
Cc: Albano Gidaro/QUE/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Kevin Wright/NAT/CMHC-SCHL/CA@cmhc-schl, Michel A Tremblay/NAT/CMHC-SCHL/CA@cmhc-schl, Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl, Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl
Date: 14/12/2016 11:21 PM
Subject: Re: Announcement at 1030 tomorrow...

Perhaps delete 4 and frame 2 in the positive instead?

And perhaps tweak your suggestion to something like:

"To be responsible, we will have to apply our usual review, including stress-testing the borrower's ability to repay the mortgage, the loan from the province and all other debts. But let's be clear, we all want the same thing: people to be able to buy homes ...homes they can afford that don't put their financial futures at risk."

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Chris Woodcock

Sent: Wednesday, December 14, 2016 10:46 PM

To: Scott Drover

Cc: Albano Gidaro; Ann Fuller; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill; Caroline Sanfacon

Subject: Re: Announcement at 1030 tomorrow...

Perhaps delete 4 and frame 2 in the positive instead?

And perhaps tweak your suggestion to something like:

'To be responsible, we will have to apply our usual review, including stress-testing the borrower's ability to repay the mortgage, the loan from the province and all other debts. But let's be clear, we all want the same thing: people to be able to buy homes ...and homes they can afford that don't put their financial futures at risk.'

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Chris Woodcock

Sent: Wednesday, December 14, 2016 10:46 PM

To: Scott Drover

Cc: Albano Gidaro; Ann Fuller; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill; Caroline Sanfacon

Subject: Re: Announcement at 1030 tomorrow...

I'm not up to speed on the full tactical situation with our media comments;

could merge with Bullet 5 and say something like:

'Our concerns with housing markets are well known. We are aware of BC's program. We will be applying our usual rigorous underwriting standards, which includes stress-testing the borrower's ability to repay the mortgage, the loan from the province and all other debts. We're not making exceptions in this case.'

From: Scott Drover

Sent: Wednesday, December 14, 2016 9:57 PM

Cc: Albano Gidaro; Ann Fuller; Chris Woodcock; Glen V Trevisani; Kevin Wright; Michel A Tremblay; Steven C Mennill; Caroline Sanfacon

Subject: Re: Fw: Announcement at 1030 tomorrow...

I've cut Evan from this email to avoid filling his inbox until we have something closer to final. I think we have most of this covered with the messaging I shared with Caroline (now cc'd) earlier today.

I've just tweaked these bullets slightly to reflect Evan's direction/comment.

I did add in a reference to the StatsCan report today on DTI in the 1st bullet.

For those who haven't seen this yet, I had been under the impression that the announcement was going to be made Friday. Sorry! Also, for background, the bulk of these points are repeating points we've made in the Bank of England and VBoT presentations.

1. *Statistics Canada announced yesterday the Canadian household debt levels have reached a new record high and the Bank of Canada continues to flag elevated household debt as the top vulnerability to financial stability in Canada.*
- 2.
3. *Our Housing Market Assessment has identified strong evidence of problematic conditions in Metro Vancouver. Continued price growth is of particular concern.*
- 4.
5. *Homebuyers applying for CMHC mortgage loan insurance using this new program will have their applications processed using standard CMHC polices for homeowners with non-traditional down payments.*

Happy to receive thoughts and reconcile accordingly. The intro to the 4th point especially could use some massaging but I wanted to get this out quickly.

Thanks!

Scott

Evan W Siddall---14/12/2016 09:23:32 PM---From: Evan W Siddall/NAT/CMHC-SCHL/CA To: Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-s

From: Evan W Siddall/NAT/CMHC-SCHL/CA

To: Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl,

Cc: Michel A Tremblay/NAT/CMHC-SCHL/CA@cmhc-schl, Ann Fuller/NAT/CMHC-SCHL/CA@cmhc-schl, Scott Drover/NAT/CMHC-SCHL/CA@cmhc-schl, Kevin Wright/NAT/CMHC-SCHL/CA@cmhc-schl, Albano Gidaro/QUE/CMHC-SCHL/CA@cmhc-schl

Date: 14/12/2016 09:23 PM

Subject: Fw: Announcement at 1030 tomorrow...

FYI, BC will announce tomorrow. We need to be prepared with media lines, such as:

- make note release of BoC FSR (tomorrow, which will continue to highlight housing risks and increasing # of vulnerable homeowners --
- we have previously expressed our concern about increasing vulnerabilities among FTHBs
- provinces free to act as they choose
- per policy, we will charge an incremental premium on those who use the program, and impute 'stress test' level interest charges when underwriting to properly account for the inherent risk of the increased borrowing

Evan

Original Message

From: Shayne Ramsay <sramsay@bchousing.org>

Sent: Wednesday, December 14, 2016 8:38 PM

To: Evan Siddall

Cc: Caroline Sanfacon

Subject: Announcement at 1030 tomorrow...

s.21(1)(a)

s.21(1)(b)

[attachment '2016PREM0153-002759.pdf' deleted by Scott Drover/NAT/CMHC-SCHL/CA] [attachment 'ATT00001.txt' deleted by Scott Drover/NAT/CMHC-SCHL/CA]

Chris Woodcock

From: Scott Drover
Sent: December-20-16 11:44 AM
To: Karine J LeBlanc
Cc: Chris Woodcock; Charles Sauriol; Jonathan D Rotondo; Teresa Amoroso; Barbara Ann Touzel
Subject: Re: MEDIA INQUIRY : BC FTHB mortgage assistance program --

Hi Karine - I had been waiting to hear from Chris and hadn't realized he had delegated these to Barb... This should be good to go!

Barb - I've tightened the response a bit from the earlier version.

Scott

All applications for insurance are initially reviewed and assessed by lenders prior to submission to CMHC. You may also wish to speak with a lender and with the Province to understand the details of the program in order to further inform your story.

From a CMHC perspective, we will be applying our usual standards to borrowers taking advantage of the support program. These standards include testing a borrower's ability to repay not only their mortgage but also their other debts, including the new incentive, as well as a premium surcharge anytime a borrower is not providing the full minimum down payment without assistance.

Additional highlights as well as a premium table are available in this product sheet:

https://www.cmhc-schl.gc.ca/en/hoficlincl/moloin/hopr/hopr_004.cfm

Our standards for homebuyers receiving down payment assistance reflect the additional risk in these applications. They are not new and apply equally in all of Canada.

CMHC is committed to helping Canadians meet their housing needs. We encourage all aspiring homebuyers to make informed and responsible homebuying decisions that don't put their financial futures at risk, especially in a market that is showing signs of overvaluation.

Scott Drover, MBA

Communications and Marketing Consultant

Public Affairs

sdrover@cmhc-schl.gc.ca

Telephone: 613 748-2811

Facsimile:

700 Montreal Road, A3-216, Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

Scott Drover, MBA

Conseiller, Communications et marketing

Relations publiques

sdrover@cmhc-schl.gc.ca

Téléphone : 613 748-2811

Télécopieur :

700, Chemin Montreal, A3-216, Ottawa, ON, K1A 0P7

Société canadienne d'hypothèques et de logement (SCHL)

www.schl.ca

Follow CMHC on [Twitter](#) [YouTube](#) [LinkedIn](#) [Facebook](#)

Suivez la SCHL sur [Twitter](#) [YouTube](#) [LinkedIn](#) [Facebook](#)

From: Karine J Leblanc/NAT/CMHC-SCHL/CA
To: Scott Drover/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Charles Sauriol/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Jonathan D Rotondo/NAT/CMHC-SCHL/CA@CMHC-SCHL, Teresa Amoroso/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL

Date: 20/12/2016 11:03 AM
Subject: Re: MEDIA INQUIRY : BC FTHB mortgage assistance program --

s.20(1)

s.21(1)(a)

s.21(1)(b)

Thank you for preparing a revised response, Scott.

Chris, Barb, could I get approval this morning? The reporter's original deadline was end of day yesterday I told him he could expect to hear from us today.

I look forward to hearing from you.

Thank you!

Karine J LeBlanc
Media Relations Officer
Public Affairs
kjleblan@cmhc-schl.gc.ca
Telephone: 613 740-5413
Facsimile:
700 Montreal Road, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Follow CMHC on [Twitter](#) [YouTube](#) [Flickr](#) [LinkedIn](#)

Karine J LeBlanc
Agente, Relations avec les médias
Affaires publiques
kjleblan@cmhc-schl.gc.ca
Téléphone : 613 740-5413
Télécopieur :
700, Chemin Montreal, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

Suivez la SCHL sur [Twitter](#) [YouTube](#) [Flickr](#) [LinkedIn](#)

From: Scott Drover/NAT/CMHC-SCHL/CA
To: Karine J Leblanc/NAT/CMHC-SCHL/CA@CMHC-SCHL, Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Charles Sauriol/NAT/CMHC-SCHL/CA@CMHC-SCHL, Jonathan D Rotondo/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Teresa Amoroso/NAT/CMHC-SCHL/CA@CMHC-SCHL, Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 19/12/2016 04:39 PM
Subject: Re: MEDIA INQUIRY : BC FTHB mortgage assistance program --

Karine - I suggest we don't go through the questions 1-by-1 but just go back with something like this...

Chris/Barb - one question for your thought below in blue.

Scott

In the case of non-traditional sources of down payments (that is, any source that is arm's length to and not tied to the purchase or sale of the property, such as borrowed funds, gifts and 100% sweat equity), a premium surcharge applies.

Additional details are available in this product sheet:

https://www.cmhc-schl.gc.ca/en/hoficlincl/moloin/hopr/hopr_004.cfm

We will be applying our usual standards to borrowers taking advantage of the support program. These standards include testing a borrower's ability to repay not only their mortgage but also their other debts, including the new incentive, as well as a premium surcharge anytime a borrower is not providing the full minimum down payment without assistance.

Our standards for homebuyers receiving down payment assistance reflect the additional risk in these applications. They are not new and apply equally in all of Canada.

s.19(1)

s.20(1)

Our concerns with particular housing markets are well known. Our Housing Market Assessment has identified strong evidence of problematic conditions in Metro Vancouver. Continued price growth is of particular concern.

s.21(1)(a)

s.21(1)(b)

CMHC is committed to helping Canadians meet their housing needs. We encourage all aspiring homebuyers to make informed and responsible homebuying decisions that don't put their financial futures at risk, especially in a market that is showing signs of overvaluation.

Scott Drover, MBA

Communications and Marketing Consultant

Public Affairs

sdrover@cmhc-schl.gc.ca

Telephone: 613 748-2811

Facsimile:

700 Montreal Road, A3-216, Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

Scott Drover, MBA

Conseiller, Communications et marketing

Relations publiques

sdrover@cmhc-schl.gc.ca

Téléphone : 613 748-2811

Télécopieur :

700, Chemin Montreal, A3-216, Ottawa, ON, K1A 0P7

Société canadienne d'hypothèques et de logement (SCHL)

www.schl.ca

Follow CMHC on [Twitter](#) [YouTube](#) [LinkedIn](#) [Facebook](#)

Suivez la SCHL sur [Twitter](#) [YouTube](#) [LinkedIn](#) [Facebook](#)

From: Karine J Leblanc/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Scott Drover/NAT/CMHC-SCHL/CA@CMHC-SCHL, Charles Sauriol/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Jonathan D Rotondo/NAT/CMHC-SCHL/CA@CMHC-SCHL, Teresa Amoroso/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 19/12/2016 03:14 PM
Subject: MEDIA INQUIRY : BC FTHB mortgage assistance program --

Good afternoon,

is requesting detail regarding CMHC mortgage loan insurance and the FTHB mortgage assistance program introduced in BC last week.

Please find below his inquiry as well as proposed response.

NOTE: The approved messaging does not cover the extent of his inquiry. I require assistance to fill in the blanks.

I look forward to hearing from you. The reporter's deadline is end of day.

Thank you!

INQUIRY:

1 — Can we get some more details about that premium surcharge? How much is the surcharge?

2 — If a home-buyer has \$10,000 saved up for a down-payment, and borrows another \$10,000 from the BC government through this program for a \$20,000 down-payment, will the CMHC treat that the same as if the buyer had saved the whole \$20,000 amount? Will CMHC treat that borrowed \$10,000 as equity?

3 — As I understand it, lenders are required to get CMHC insurance when the down payment is less than 20% of purchase price. As an example, if a home-buyer has saved up a down-payment worth 10% of the home's purchase price, and they use a government loan to make a 20% downpayment, does the CMHC treat that the same as they would if the buyer had 20% of their own money? Would that mortgage still require insurance?

4 — Will CMHC attach a monthly minimum payment to that debt? How much will that be?

5 — Was the BC Government in consultation with CMHC about this "BC HOME Partnership" before last week's announcement, on Dec. 15? Can you give us an idea of the timeline of the consultation? Had that been going on for weeks? Months?

6 — from CMHC's perspective, are there any other details about this program that need to be sorted out before it comes into effect in January?

RESPONSE:

RE: Question 1

To obtain CMHC Mortgage Loan Insurance, lenders pay an insurance premium. Typically, your lender will pass these costs on to you. Your lender will give you the exact price when you apply for a mortgage.

The CMHC Mortgage Loan Insurance premium is calculated as a percentage of the loan and is based on the size of your down payment. The higher the percentage of the total house price/value that you borrow, the higher percentage you will pay in insurance premiums.

In the case of non-traditional sources of down payments (that is, any source that is arm's length to and not tied to the purchase or sale of the property, such as borrowed funds, gifts and 100% sweat equity), a premium surcharge applies. **(INSERT SURCHARGE DETAILS)**

RE: Question 2 & 3

We will be applying our usual standards to borrowers taking advantage of the support program. These standards include testing a borrower's ability to repay not only their mortgage but also their other debts, including the new incentive, as well as a premium surcharge anytime a borrower is not providing the full minimum down payment without assistance.

Our standards for homebuyers receiving down payment assistance reflect the additional risk in these applications. They are not new and apply equally in all of Canada.

Lenders may obtain mortgage loan insurance for low-ratio mortgages (that is, mortgages for which the down payment is 20% of the home purchase price or more). Unlike high-ratio mortgages which require mortgage loan insurance by law, low-ratio mortgage loan insurance is purchased at the lender's discretion.

RE: Question 4

RE: Question 5

RE: Question 6

Our concerns with particular housing markets are well known. Our Housing Market Assessment has identified strong evidence of problematic conditions in Metro Vancouver. Continued price growth is of particular concern.

CMHC is committed to helping Canadians meet their housing needs. We encourage all aspiring homebuyers to make informed and responsible homebuying decisions that don't put their financial futures at risk, especially in a market that is showing signs of overvaluation.

Karine J LeBlanc

Media Relations Officer
Public Affairs
kjleblan@cmhc-schl.gc.ca
Telephone: 613 740-5413

Facsimile:

700 Montreal Road, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Follow CMHC on [Twitter](#) [YouTube](#) [Flickr](#) [LinkedIn](#)

Karine J LeBlanc

Agente, Relations avec les médias
Affaires publiques
kjleblan@cmhc-schl.gc.ca
Téléphone : 613 740-5413

Télécopieur :

700, Chemin Montreal, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

Suivez la SCHL sur [Twitter](#) [YouTube](#) [Flickr](#) [LinkedIn](#)

Chris Woodcock

From: Glen Trevisani
Sent: December-20-16 9:39 AM
To: Chris Woodcock
Subject: Fw: BC Government Program

This email contains content that can be viewed only in Lotus Notes. To view this content, double-click on this email within Outlook so it opens in a separate window. Then, double-click on this attachment to open it in Lotus Notes:



ActiveMail.nsf

A text rendering of the Active Mail content, if available, is shown below:

Hi Chris,

Will somebody also be responding to

Glen V Trevisani
 Vice-President, Insurance Operations

gtrevisa@cmhc-schl.gc.ca
 Telephone: 613 748-4049
 Facsimile: 613 748-2433
 700 Montreal Road, A2-427, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Glen V Trevisani
 Vice-président, Activités d'assurance

gtrevisa@cmhc-schl.gc.ca
 Téléphone : 613 748-4049
 Télécopieur : 613 748-2433
 700, Chemin Montreal, A2-427, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

----- Forwarded by Glen V Trevisani/NAT/CMHC-SCHL/CA on 20/12/2016 09:38 AM -----

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl, |
Cc: Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Nathalie Fredette/QUE/CMHC-SCHL/CA@cmhc-schl, Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl
Date: 19/12/2016 04:46 PM
Subject: Re: BC Government Program

Hello

I trust the following will answer your questions.

Where a portion of the down payment originates from the B.C. Homeowner Mortgage and Equity Partnership Program, standard CMHC policies for homeowner loans will apply. Where the borrower utilizes the B.C. Program to satisfy CMHC's minimum equity requirements (i.e., has not saved the full minimum down payment), the support from BC is considered borrowed equity and is subject to a premium surcharge for non-traditional equity sources.

For the purpose of calculating debt service ratios, the loan provided to the borrower under the B.C. Program must be included in the Total Debt Service (TDS) ratio calculation and the monthly payment must be based on using the higher of the contract interest rate or Bank of Canada rate, and with a twenty year amortization of the B.C. loan amount. Please refer to the BC website for details on their applicable contract interest rate on their second mortgage:

<https://homeownerservices.bchousing.org/housing-assistance/bc-home-partnership/information-for-lenders.html>

The website currently states that the contract rate for their second mortgage will be outlined in the Conditional Loan Approval letter to the Home buyer. and it will be Royal Bank of Canada Prime Rate plus 0.5% at each of the 10th, 15th and 20th anniversary dates.

Here are 3 examples of how CMHC would apply premiums based on current CMHC policy and premium schedule:

Example #1: Home purchase price - \$475,000

This first-time buyer has saved \$11,875 towards their down payment, or 2.5% of the home's purchase price. Through the program, the Province will contribute \$11,875, equal to the buyer's 2.5% down payment. This brings the total down payment to \$23,750 or 5% of the home's purchase price. This loan is interest and payment-free for the first five years. Non-traditional sources of equity are only available to borrowers who have good credit history and sufficient income to support their obligations under the mortgage. A minimum credit score of at least 650 is used as a guideline for satisfying this requirement.

Premium Calculation should be applied as follows:

Purchase Price: \$475,000

Minimum Equity Required: \$23,750 (i.e. 5% of \$475,000)

Down Payment Sources: \$11,875 Traditional & \$11,875 Non-traditional

Total Loan: \$451,250

LTV: 95%

To process (Non-traditional down payment source) indicator selected by Lender

Premium Rate Due: 3.85% (non-traditional source premium rate applied)

Example #2: Home purchase price - \$600,000

This first-time buyer has saved 5% of the home's purchase price towards their down payment, or \$30,000. For insurance, this transaction requires a 5% down payment for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$600,000 is \$35,000. This loan is interest and payment-free for the first five years.

The B.C. HOME Partnership program will meet this buyer's contribution of \$30,000, bringing their total down payment to \$60,000.

Premium Calculation should be applied as follows:

Purchase Price: \$600,000

Minimum Equity Required: \$35,000 (i.e. 5% of \$500,000 and 10% of \$100,000)

Down Payment: \$30,000 Traditional Source & \$30,000 Non-traditional Source

Total Loan: \$540,000

LTV: 90.0%*

*The LTV for Non-traditional sources of equity is limited to 90.01% to 95% therefore in this scenario, the borrower would either need to increase the down payment to meet the minimum equity required of \$35,000, OR the borrower could decrease the down payment to bring the LTV in line with the maximum available for non-traditional equity sources.

If down payment is increased to \$35,000 (LTV 89.2%) CMHC's supplemental down payments premium calculation applies - in this case the down payment from traditional sources is less than 10 percent of the lending value therefore the premium must be calculated based on the LTV taking into consideration the down payment from traditional sources only.

LTV based on traditional sources only is 94% Premium Rate Due: 3.60% (traditional sources)

Premium Rate Due if down payment is decreased to \$29,400 (LTV 90.01%): 3.85% (non-traditional sources)

Example #3: Home purchase price - \$750,000

The first-time buyer in this example has saved 7% of the home's purchase price as a down payment, or \$52,500.

A 5% down payment is required for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$750,000 is \$50,000.

The Province will meet the buyer's contribution up to 5% of the home's purchase price. In this example, the program will contribute \$37,500 towards the down payment, allowing this buyer to put a total of \$90,000 towards the down payment of their first home.

Premium Calculation should be applied as follows:

Purchase Price: \$750,000

Minimum Equity Required: \$50,000

Down Payment: \$52,500 Traditional Source & \$37,500 Non-Traditional Source

Total Loan Amount: \$660,000

LTV: 88%

CMHC's supplemental down payments premium calculation applies - in this case the down payment from traditional sources is less than 10 percent of the lending value therefore the premium must be calculated based on the LTV taking into consideration the down payment from traditional sources only.

LTV based on traditional sources only is 93%

Premium Rate Due: 3.60% (traditional sources)

Should you have any questions, do not hesitate to contact us.

Chris Woodcock
Director, Homeowner Policy and Operations
Canada Mortgage and Housing Corporation
613-748-2020

s.19(1)

s.20(1)

From: Steven C Mennill
Sent: Sunday, December 18, 2016 7:11 PM
To:
Cc: Chris Woodcock; Glen V Trevisani; Nathalie Fredette; Caroline Sanfacon
Subject: Re: BC Government Program

Hi

I have copied Chris Woodcock, our director of policy and operations who should be able to provide you with guidance on how we will process these loans.

Steve Mennill
613-748-2772

From:
Sent: Sunday, December 18, 2016 6:57 PM
To: smennill@cmhc-schl.gc.ca
Cc:
Subject: BC Government Program

Good morning,

Can you advise if we will be receiving any updates from CMHC as to how the industry should be addressing this new BC Government program both from a CMHC submission / qualification process but also from a CMHC Premium perspective.

Many thanks....

Regards,

From: idauger@cmhc-schl.gc.ca [mailto:idauger@cmhc-schl.gc.ca] **On Behalf Of** smennill@cmhc-schl.gc.ca
Sent: December-01-16 7:16 AM

Steven Mennill

P. j.

Steve Mennill
Senior Vice-President
Insurance
smennill@cmhc-schl.gc.ca
Telephone: 613 748-2772
Facsimile:
700 Montreal Road, A3-, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Steve Mennill
Premier vice-président
Assurance
smennill@cmhc-schl.gc.ca
Téléphone : 613 748-2772
Télécopieur :
700, Chemin Montreal, A3-, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

NOTICE: This email message, including any attachments, is confidential, subject to copyright and may be privileged. Any unauthorized use or disclosure is prohibited.

AVIS: Le présent message, incluant toute pièce jointe, est confidentiel, protégé par des droits d'auteur et peut contenir des renseignements privilégiés. L'utilisation ou la communication non autorisée de ces renseignements est interdite.

***** This message originated from the Internet. Its originator may or may not be who they claim to be and the information contained in the message and any attachments may or may not be accurate.

Chris Woodcock

From: Tambudzai Kamukosi
Sent: December-20-16 9:49 AM
To: Chris Woodcock
Cc: Barbara Ann Touzel; Sam Carnovale
Subject: Re: Request from | re: BC First Time buyers

Thanks Chris.

Tambu.

Tambudzai Kamukosi

Acting National Key Account Manager

Insurance Client Relationship Management

tkamukos@cmhc-schl.gc.ca

Telephone: 416 250-2739

Facsimile: 416 250-3203

100 Sheppard Ave E, Suite 300, Toronto, ON, M2N 6Z1

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Tambudzai Kamukosi/ONT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Sam Carnovale/ONT/CMHC-SCHL/CA@CMHC-SCHL
Date: 20/12/2016 08:56 AM
Subject: Re: Request re: BC First Time buyers

I've confirmed with the other insurers that they will be qualifying in the same way as us. could give some insight on any differences that he's seen and we could see about trying to align.

From: Tambudzai Kamukosi/ONT/CMHC-SCHL/CA
To: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Sam Carnovale/ONT/CMHC-SCHL/CA@CMHC-SCHL
Date: 20/12/2016 08:27 AM
Subject: Request from re: BC First Time buyers

Good morning Barbara-Ann & Chris,

is requesting a joint meeting with insurers to understand the treatment/process for the new BC HOAP.

Regards,

Tambu.

Tambudzai Kamukosi

Acting National Key Account Manager

Insurance Client Relationship Management

tkamukos@cmhc-schl.gc.ca

Telephone: 416 250-2739

Facsimile: 416 250-3203

100 Sheppard Ave E, Suite 300, Toronto, ON, M2N 6Z1

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

----- Forwarded by Tambudzai Kamukosi/ONT/CMHC-SCHL/CA on 20/12/2016 08:20 AM -----

From:

To: "tkamukos@cmhc-schl.gc.ca" <tkamukos@cmhc-schl.gc.ca>, '

Cc:
Date: 20/12/2016 07:39 AM
Subject: BC First Tme buyers

Tambu, while my request may seem a little usual, I would like to convene a meeting with policy group and the 3 mortgage insurers so that we may be in a position to hopefully arrive at one process. I do not see an competitive advantage or disadvantage and this a joint meeting would be beneficial. I would like to set up the meeting for Thursday for approximately ½ hour.

Please advise if you are in agreement or would prefer separate meetings. Thanks

Chris Woodcock

From: Pascale J Lalonde on behalf of Insurance Marketing
Sent: December-19-16 4:40 PM
To: z-INS BDO All; z-INS - Regional VPs; z-Insurance Management Team
Cc: Pascale J Lalonde
Subject: Internal Q&As available on IMS Online: B.C. Homeowner Mortgage and Equity Partnership Program / Questions et réponses disponibles sur MVA en ligne

Le français suit l'anglais :

Internal Q&As related to the B.C. Homeowner Mortgage and Equity Partnership Program are now available on IMS Online (under "Other").

Un document de questions et réponses internes au sujet du *B.C. Homeowner Mortgage and Equity Partnership Program* sont maintenant disponibles sur MVA en ligne (sous "Autre").

From: Christie Breton
Sent: December-19-16 4:07 PM
To: Chris Woodcock
Cc: Doreen Lipovski; Pascale J Lalonde; Barbara Ann Touzel
Subject: Re: BC HOME Partnership Program

I am ok if it's shared externally but I would suggest we add something that premium rates used in the example calculations are subject to change.

Christie Breton
Senior Analyst, Policy and Operations
Office of the VP, Insurance Operations
cbreton@cmhc-schl.gc.ca
Telephone: 613 748-2321
Facsimile: 613 748-2783
700 Montreal Road, A1-234, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Pascale J Lalonde/NAT/CMHC-SCHL/CA, Christie Breton/NAT/CMHC-SCHL/CA@cmhc-schl,
Cc: Doreen Lipovski/NAT/CMHC-SCHL/CA@cmhc-schl
Date: 19/12/2016 03:55 PM
Subject: Re: BC HOME Partnership Program

Hi - I'm fine with external distribution. Christie did you have concerns with sharing any particular Q?

From: Pascale J Lalonde
Sent: Monday, December 19, 2016 3:38 PM
To: Christie Breton
Cc: Chris Woodcock; Doreen Lipovski
Subject: RE: BC HOME Partnership Program

Great, thank you. I will send an email to CRM staff by the end of the day.

Thanks,
Pascale

From: cbreton@cmhc-schl.gc.ca [mailto:cbreton@cmhc-schl.gc.ca]
Sent: December-19-16 3:28 PM
To: Pascale J Lalonde <pjlalond@cmhc-schl.gc.ca>
Cc: Chris Woodcock <cwoodcoc@cmhc-schl.gc.ca>
Subject: RE: BC HOME Partnership Program

Hi Pascale. I would certainly move forward with the internal Q & A's to CRM with a link to IMS online (there are several questions coming in today so the sooner the better). I haven't heard back from Chris W on the direction for external distribution. I will let you know as soon as I hear. Thanks.

Christie Breton
Senior Analyst, Policy and Operations
Office of the VP, Insurance Operations
cbreton@cmhc-schl.gc.ca
Telephone: 613 748-2321
Facsimile: 613 748-2783
700 Montreal Road, A1-234, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Pascale J Lalonde ---19/12/2016 03:18:09 PM---Hi Christie, Are we waiting for the decision on the external QAs before sending an email out to CRM

From: Pascale J Lalonde <pjalalond@cmhc-schl.gc.ca>
To: Christie Breton <cbreton@cmhc-schl.gc.ca>,
Date: 19/12/2016 03:18 PM
Subject: RE: BC HOME Partnership Program

Hi Christie,

Are we waiting for the decision on the external QAs before sending an email out to CRM staff with a link to IMS Online? Any news on that?

Thanks,
Pascale

From: cgibbs@cmhc-schl.gc.ca [<mailto:cgibbs@cmhc-schl.gc.ca>]
Sent: December-19-16 12:33 PM
To: Christie Breton <cbreton@cmhc-schl.gc.ca>
Cc: Barbara Ann Touzel <btouzel@cmhc-schl.gc.ca>; Chris Woodcock <cwoodcoc@cmhc-schl.gc.ca>; Helene Gagnon <hgagnon@cmhc-schl.gc.ca>; Pascale J Lalonde <pjalalond@cmhc-schl.gc.ca>
Subject: Fw: BC HOME Partnership Program

Forgot to copy Helene and Pascale ...

Christopher Gibbs
Acting Director, Client Relationship Operations
Insurance Client Relationship Management
cgibbs@cmhc-schl.gc.ca
Telephone: 613 748-5165
Facsimile: 613 748-2606
700 Montreal Road, A2-422, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Christopher Gibbs
Dir., Activités liées aux relat.avec les clients (intérimaire)
Gestion des relations - clients d'assurance
cgibbs@cmhc-schl.gc.ca
Téléphone : 613 748-5165
Télécopieur : 613 748-2606
700, Chemin Montreal, A2-422, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

----- Forwarded by Christopher Gibbs/NAT/CMHC-SCHL/CA on 19/12/2016 12:32 PM -----

From: Christopher Gibbs/NAT/CMHC-SCHL/CA
To: Christie Breton/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 19/12/2016 12:31 PM
Subject: Re: BC HOME Partnership Program

Not exactly like that but close. We have been pushed by our BC region to provide something for them to share to clients to help them understand how to tackle the program. We heard that Barbara-Ann has shared the document externally with a couple of clients. Knowing the document was set for internal use, late Friday I gave direction to Hemesh that he could share individual scenarios

It would be worthwhile to develop an "external use" version of the Q&A that can be posted to IMS Online and shared with clients ... This could very well be the same document, cleaned up for external purposes.

We would need direction/approval from you to provide more formal direction and posting a document to IMS Online.

I've copied Helene Gagnon and Pascale Lalonde since they would be able to provide assistance to produce that external document.

Chris

Christopher Gibbs
Acting Director, Client Relationship Operations
Insurance Client Relationship Management
cgibbs@cmhc-schl.gc.ca
Telephone: 613 748-5165
Facsimile: 613 748-2606
700 Montreal Road, A2-422, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Christopher Gibbs
Dir., Activités liées aux relat.avec les clients (intérimaire)
Gestion des relations - clients d'assurance
cgibbs@cmhc-schl.gc.ca
Téléphone : 613 748-5165
Télécopieur : 613 748-2606
700, Chemin Montreal, A2-422, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

Christie Breton---19/12/2016 12:07:07 PM---Hi Chris, I was just speaking with Pascale in Chris Gibbs group and she mentioned that there was a d

From: Christie Breton/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Christopher Gibbs/NAT/CMHC-SCHL/CA@CMHC-SCHL, Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 19/12/2016 12:07 PM
Subject: BC HOME Partnership Program

Hi Chris, I was just speaking with Pascale in Chris Gibbs group and she mentioned that there was a decision made on Friday to share the B.C. document that was prepared for the RU's to external lenders. Can you confirm this? Thanks.

Christie Breton
Senior Analyst, Policy and Operations
Office of the VP, Insurance Operations
cbreton@cmhc-schl.gc.ca
Telephone: 613 748-2321
Facsimile: 613 748-2783
700 Montreal Road, A2-518, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Chris Woodcock

From: Christie Breton
Sent: December-19-16 4:07 PM
To: Chris Woodcock
Cc: Doreen Lipovski; Pascale J Lalonde; Barbara Ann Touzel
Subject: Re: BC HOME Partnership Program

I am ok if it's shared externally but I would suggest we add something that premium rates used in the example calculations are subject to change.

Christie Breton
 Senior Analyst, Policy and Operations
 Office of the VP, Insurance Operations
cbreton@cmhc-schl.gc.ca
 Telephone: 613 748-2321
 Facsimile: 613 748-2783
 700 Montreal Road, A1-234, Ottawa, ON, K1A 0P7
 Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Pascale J Lalonde/NAT/CMHC-SCHL/CA, Christie Breton/NAT/CMHC-SCHL/CA@cmhc-schl,
Cc: Doreen Lipovski/NAT/CMHC-SCHL/CA@cmhc-schl
Date: 19/12/2016 03:55 PM
Subject: Re: BC HOME Partnership Program

Hi - I'm fine with external distribution. Christie did you have concerns with sharing any particular Q?

From: Pascale J Lalonde
Sent: Monday, December 19, 2016 3:38 PM
To: Christie Breton
Cc: Chris Woodcock; Doreen Lipovski
Subject: RE: BC HOME Partnership Program

Great, thank you. I will send an email to CRM staff by the end of the day.

Thanks,
 Pascale

From: cbreton@cmhc-schl.gc.ca [mailto:cbreton@cmhc-schl.gc.ca]
Sent: December-19-16 3:28 PM
To: Pascale J Lalonde <pjlalond@cmhc-schl.gc.ca>
Cc: Chris Woodcock <cwoodcoc@cmhc-schl.gc.ca>
Subject: RE: BC HOME Partnership Program

Hi Pascale. I would certainly move forward with the internal Q & A's to CRM with a link to IMS online (there are several questions coming in today so the sooner the better). I haven't heard back from Chris W on the direction for external distribution. I will let you know as soon as I hear. Thanks.

From: Barbara Ann Touzel
Sent: December-16-16 8:47 PM
To: Mike Nelson
Cc: Chris Woodcock; Brian Zhang; Christie Breton
Subject: Fw: B.C. Home Owner Mortgage and Equity Partnership program- How to Process Applications

Hi Mike:
Did they ever discuss with BC, what rate would be applied on the 2nd mortgage? See below. There are others asking same to our KAMs and RUs .

----- Forwarded by Barbara-Ann Touzel/NAT/CMHC-SCHL/CA on 16/12/2016 08:41 PM -----

From: Hemesh Parbhu/BCY/CMHC-SCHL/CA
To: Christie Breton/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Doreen Lipovski/NAT/CMHC-SCHL/CA@CMHC-SCHL, Helene M Gagnon/NAT/CMHC-SCHL/CA@CMHC-SCHL, Pascale J Lalonde/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 16/12/2016 06:31 PM
Subject: Re: Fw: B.C. Home Owner Mortgage and Equity Partnership program- How to Process Applications

Hi Christie,

I am getting some questions as to what the qualifying rate will be on the 20 year amortizing loan (2nd Mtg).

Do you have any info on this?

Thanks,

Hemesh Parbhu
Regional Manager, Client Relations
BC Region
hparbhu@cmhc.ca | tel: 604.737.4120 | fax: 604.737.4122
1111 West Georgia Street, Suite 2000 - Vancouver BC, V6E 4M3
Canada Mortgage and Housing Corporation | www.cmhc.ca

From: Christie Breton/NAT/CMHC-SCHL/CA
To: Pascale J Lalonde/NAT/CMHC-SCHL/CA@CMHC-SCHL, Helene M Gagnon/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Hemesh Parbhu/BCY/CMHC-SCHL/CA@CMHC-SCHL, Doreen Lipovski/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 16/12/2016 12:20 PM
Subject: Fw: B.C. Home Owner Mortgage and Equity Partnership program- How to Process Applications

Hi Pascale, please see edits to the BC Program
the English formatted version and re-send the edits to translation? Thanks.

Can you please correct

Christie Breton
Senior Analyst, Policy and Operations
Office of the VP, Insurance Operations
cbreton@cmhc-schl.gc.ca
Telephone: 613 748-2321

Hi Pascale & Helene:

Here is the recommended text to assist RUs with how to process the recently announced BC Government program. We developed this as an Internal Q&A to complement the external media relations messages supplied to your team already accompanying this announcement. Please place it on appropriate letterhead, and also issue to translation for French version.

Thanks in advance.

INTERNAL - BACKGROUNDER AND Q&A

On December 15, 2016, the B.C. Government announced that it is launching a Homeowner Mortgage and Equity Partnership Program to assist first-time homebuyers residing in the province of B.C. to enter the housing market. The B.C. Program contributes to the amount first-time homebuyers have already saved for their down payment, matching up to \$37,500, or up to 5% of the purchase price, with a 25-year loan that is interest free and payment-free for the first five years. After the first five years, homebuyers will repay the loan over the remaining 20 years. To be eligible under the B.C. Program, buyers must be pre-approved for an insured high-ratio first mortgage (LTV >80%).

For further background and program eligibility criteria refer to the attachment and included links:

How should applications be treated where the down payment is being sourced from the B.C. Homeowner Mortgage and Equity Partnership Program?

Standard CMHC policies for homeowner loans will apply. For the purpose of calculating debt service ratios, the loan provided to the borrower under the B.C. Program must be included in the Total Debt Service (TDS) ratio calculation and the monthly payment must be based on using the higher of the contract interest rate or Bank of Canada rate, and with a twenty year amortization of the BC loan amount.

Where the borrower utilizes the BC Program to satisfy CMHC's minimum equity requirements, the down payment is considered borrowed equity and is subject to a premium surcharge for non-traditional equity sources. Note: The use of non-traditional sources of equity is limited to loan-to-value ratios between 90.01 percent and 95 percent.

Where the borrower satisfies CMHC's minimum equity requirements with their own resources (traditional sources) and also takes advantage of the down payment assistance provided by the BC Program, CMHC's supplemental down payments premium calculation applies.

Examples are provided below for further clarity that match the Backgrounder #2 included within the program link above:

Example #1: Home purchase price - \$475,000

This first-time buyer has saved \$11,875 towards their down payment, or 2.5% of the home's purchase price. Through the program, the Province will contribute \$11,875, equal to the buyer's 2.5% down payment. This brings the total down payment to \$23,750 or 5% of the home's purchase price, as required by Canada Mortgage and Housing Corporation. This loan is interest and payment-free for the first five years. Non-traditional sources of equity are only available to borrowers who have good credit history and sufficient income to support their obligations under the mortgage. A minimum credit score of at least 650 is used as a guideline for satisfying this requirement.

Premium Calculation should be applied as follows:

Purchase Price: \$475,000

Minimum Equity Required: \$23,750 (i.e. 5% of \$475,000)

Down Payment Sources: \$11,875 Traditional & \$11,875 Non-traditional

Total Loan: \$451,250

LTV: 95%

s.21(1)(b)

To process (Non-traditional Downpayment Source) indicator selected by Lender

Premium Rate Due: 3.85% (non-traditional source premium rate applied)

Example #2: Home purchase price - \$600,000

This first-time buyer has saved 5% of the home's purchase price towards their down payment, or \$30,000. Canada Mortgage and Housing Corporation requires a 5% down payment for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$600,000 is \$35,000. This loan is interest and payment-free for the first five years.

The B.C. HOME Partnership program will meet this buyer's contribution of \$30,000, bringing their total down payment to \$60,000.

Premium Calculation should be applied as follows:

Purchase Price: \$600,000

Minimum Equity Required: \$35,000 (i.e. 5% of \$500,000 and 10% of \$100,000)

Down Payment: \$30,000 Traditional Source & \$30,000 Non-traditional Source

Total Loan: \$540,000

LTV: 90.0%*

*The LTV for Non-traditional sources of equity is limited to 90.01% to 95% therefore in this scenario, the borrower would either need to increase the down payment to meet the minimum equity required of \$35,000, OR the borrower could decrease the down payment to bring the LTV in line with the maximum available for non-traditional equity sources.

if down payment is increased to \$35,000 (LTV 89.2%):

CMHC's

supplemental down payments premium calculation applies - in this case the down payment from traditional sources is less than 10 percent of the lending value therefore the premium must be calculated based on the LTV taking into consideration the down payment from traditional sources only. LTV based on traditional sources only is 94%

Premium Rate Due: 3.60% (traditional sources)

Premium Rate Due if down payment is decreased to \$29,400 (LTV 90.01%): 3.85% (non-traditional sources)

Example #3: Home purchase price - \$750,000

The first-time buyer in this example has saved 7% of the home's purchase price as a down payment, or \$52,500.

A 5% down payment is required for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$750,000 is \$50,000.

The Province will meet the buyer's contribution up to 5% of the home's purchase price. In this example, the program will contribute \$37,500 towards the down payment, allowing this buyer to put a total of \$90,000 towards the down payment of their first home.

Premium Calculation should be applied as follows:

Purchase Price: \$750,000

Minimum Equity Required: \$50,000

Down Payment: \$52,500 Traditional Source & \$37,500 Non-Traditional Source

Total Loan Amount: \$660,000

LTV: 88%*

CMHC's supplemental down payments premium calculation applies - in this case the down payment from traditional sources is less than 10 percent of the lending value therefore the premium must be calculated based on the LTV taking into consideration the down payment from traditional sources only.

LTV based on traditional sources only is 93%

Premium Rate Due: 3.60% (traditional sources)

Barbara-Ann Touzel

Acting Manager, Homeowner Policy
Office of the VP, Insurance Operations

btouzel@cmhc-schl.gc.ca

Telephone: 613 748-4813

Facsimile: 613 748-2783

700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

Everything you need to open new doors.



2016PREM0153-...

Barbara-Ann Touzel

Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)
Bureau du vice-président, Activités d'assurance

btouzel@cmhc-schl.gc.ca

Téléphone : 613 748-4813

Télécopieur : 613 748-2783

700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7

Société canadienne d'hypothèques et de logement (SCHL)

www.schl.ca

La clé qui ouvre de nouvelles portes.

Chris Woodcock

From: Barbara Ann Touzel
Sent: December-15-16 4:28 PM
To: Pascale J Lalonde
Cc: Chris Woodcock
Subject: Fw: B.C. Home Owner Mortgage and Equity Partnership program- How to Process Applications

Hi Pascale -
Chris requested that the SVPs be copied on the final please.
I would send out to them English version as soon as you have it formatted.
I already circulated to Regional UW Mgrs and Principals.
Thanks in advance.

Barbara-Ann Touzel
Acting Manager, Homeowner Policy
Office of the VP, Insurance Operations
btouzel@cmhc-schl.gc.ca
Telephone: 613 748-4813
Facsimile: 613 748-2783
700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca
Everything you need to open new doors.

Barbara-Ann Touzel
Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)
Bureau du vice-président, Activités d'assurance
btouzel@cmhc-schl.gc.ca
Téléphone : 613 748-4813
Télécopieur : 613 748-2783
700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca
La clé qui ouvre de nouvelles portes.

----- Forwarded by Barbara-Ann Touzel/NAT/CMHC-SCHL/CA on 15/12/2016 04:26 PM -----

From: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA
To: Pascale J Lalonde/NAT/CMHC-SCHL/CA@CMHC-SCHL, Helene M Gagnon/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Brian Zhang/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Christopher Gibbs/NAT/CMHC-SCHL/CA@CMHC-SCHL, Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL,
Stephanie Land/NAT/CMHC-SCHL/CA@CMHC-SCHL, z-Homeowner Principals, Denis Belanger/ONT/CMHC-SCHL/CA@CMHC-SCHL, Claude Grenier/QUE/CMHC-SCHL/CA@CMHC-SCHL, Doreen Lipovski/NAT/CMHC-SCHL/CA@CMHC-SCHL, Harry Loksts/NAT/CMHC-SCHL/CA@CMHC-SCHL, Scott Drover/NAT/CMHC-SCHL/CA@CMHC-SCHL, Mark Coward/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 15/12/2016 03:55 PM
Subject: B.C. Home Owner Mortgage and Equity Partnership program- How to Process Applications

Hi Pascale & Helene:

Here is the recommended text to assist RUs with how to process the recently announced BC Government program. We developed this as an Internal Q&A to complement the external media relations messages supplied to your team already accompanying this announcement. Please place it on appropriate letterhead, and also issue to translation for French version.

Thanks in advance.

INTERNAL - BACKGROUNDER AND Q&A

On December 15, 2016, the B.C. Government announced that it is launching a Homeowner Mortgage and Equity Partnership Program to assist first-time homebuyers residing in the province of B.C. to enter the housing market. The B.C. Program contributes to the amount first-time homebuyers have already saved for their down payment, matching up to \$37,500, or up to 5% of the purchase price, with a 25-year loan that is interest free and payment-free for the first five

years. After the first five years, homebuyers will repay the loan over the remaining 20 years. To be eligible under the B.C. Program, buyers must be pre-approved for an insured high-ratio first mortgage (LTV >80%).



2016PREM0153-...

For further background and program eligibility criteria refer to the attachment and included links:

How should applications be treated where the down payment is being sourced from the B.C. Homeowner Mortgage and Equity Partnership Program?

Standard CMHC polices for homeowner loans will apply. For the purpose of calculating debt service ratios, the loan provided to the borrower under the B.C. Program must be included in the Total Debt Service (TDS) ratio calculation and the monthly payment must be based on using the higher of the contract interest rate or Bank of Canada rate, and with a twenty year amortization of the BC loan amount.

Where the borrower utilizes the BC Program to satisfy CMHC's minimum equity requirements, the down payment is considered borrowed equity and is subject to a premium surcharge for non-traditional equity sources. Note: The use of non-traditional sources of equity is limited to loan-to-value ratios between 90.01 percent and 95 percent.

Where the borrower satisfies CMHC's minimum equity requirements with their own resources (traditional sources) and also takes advantage of the down payment assistance provided by the BC Program, CMHC's supplemental down payments premium calculation applies.

Examples are provided below for further clarity that match the Backgrounder #2 included within the program link above:

Example #1: Home purchase price - \$475,000

This first-time buyer has saved \$11,875 towards their down payment, or 2.5% of the home's purchase price. Through the program, the Province will contribute \$11,875, equal to the buyer's 2.5% down payment. This brings the total down payment to \$23,750 or 5% of the home's purchase price, as required by Canada Mortgage and Housing Corporation. This loan is interest and payment-free for the first five years. Non-traditional sources of equity are only available to borrowers who have good credit history and sufficient income to support their obligations under the mortgage. A minimum credit score of at least 650 is used as a guideline for satisfying this requirement.

Premium Calculation should be applied as follows:

Purchase Price: \$475,000

Minimum Equity Required: \$23,750 (i.e. 5% of \$475,000)

Down Payment Sources: \$11,875 Traditional & \$11,875 Non-traditional

Total Loan: \$451,250

LTV: 95%

To process (Non-traditional Downpayment Source) indicator selected by Lender

Premium Rate Due: 3.85% (non-traditional source premium rate applied)

Example #2: Home purchase price - \$600,000

This first-time buyer has saved 5% of the home's purchase price towards their down payment, or \$30,000. Canada Mortgage and Housing Corporation requires a 5% down payment for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$600,000 is \$35,000. This loan is interest and payment-free for the first five years.

The B.C. HOME Partnership program will meet this buyer's contribution of \$30,000, bringing their total down payment to \$60,000.

Premium Calculation should be applied as follows:

Purchase Price: \$600,000

Minimum Equity Required: \$35,000 (i.e. 5% of \$500,000 and 10% of \$100,000)

Down Payment: \$30,000 Traditional Source & \$30,000 Non-traditional Source

Total Loan: \$540,000

LTV: 90.0%*

*The LTV for Non-traditional sources of equity is limited to 90.01% to 95% therefore in this scenario, the borrower would either need to increase the down payment to meet the minimum equity required of \$35,000, OR the borrower could decrease the down payment to bring the LTV in line with the maximum available for non-traditional equity sources. if down payment increased to \$35,000 (LTV 89.2%):

Premium Rate Due if down payment is decreased to \$29,400 (LTV 90.1%): 3.85% (non-traditional sources)

Example #3: Home purchase price - \$750,000

The first-time buyer in this example has saved 7% of the home's purchase price as a down payment, or \$52,500.

A 5% down payment is required for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$750,000 is \$50,000.

The Province will meet the buyer's contribution up to 5% of the home's purchase price. In this example, the program will contribute \$37,500 towards the down payment, allowing this buyer to put a total of \$90,000 towards the down payment of their first home.

Premium Calculation should be applied as follows:

Purchase Price: \$750,000

Minimum Equity Required: \$50,000

Down Payment: \$52,500 Traditional Source & \$37,500 Non-Traditional Source

Total Loan Amount: \$660,000

LTV: 88%*

CMHC's supplemental down payments premium calculation applies - in this case the down payment from traditional sources is less than 10 percent of the lending value therefore the premium must be calculated based on the LTV taking into consideration the down payment from traditional sources only.

LTV based on traditional sources only is 93%

Premium Rate Due: 3.60% (traditional sources)

Barbara-Ann Touzel

Acting Manager, Homeowner Policy

Office of the VP, Insurance Operations

btouzel@cmhc-schl.gc.ca

Telephone: 613 748-4813

Facsimile: 613 748-2783

700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

Everything you need to open new doors.

Barbara-Ann Touzel

Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)

Bureau du vice-président, Activités d'assurance

btouzel@cmhc-schl.gc.ca

Téléphone : 613 748-4813

Télécopieur : 613 748-2783

700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7

Société canadienne d'hypothèques et de logement (SCHL)

www.schl.ca

La clé qui ouvre de nouvelles portes.

Chris Woodcock

From: Karine J LeBlanc
Sent: December-15-16 4:09 PM
To: Chris Woodcock; Ann Fuller; Teresa Amoroso; Charles Sauriol; John Embury; Scott Drover
Subject: FYI - Inquiry about BC First-Time Buyer Announcement -

Good afternoon,

I've received an email from .

INQUIRY:

The reporter is wondering if someone from CMHC is available to comment on the B.C. government's announcement today that it will provide loans to first-time home buyers for their down payments. She provided this link as background: <https://housingaction.gov.bc.ca/tile/home-owner-mortgage-and-equity-partnership> . Her deadline is 4 p.m. Pacific time.

PROPOSED RESPONSE:

Unfortunately, we don't have a spokesperson available for interview.

However, I can confirm that we are aware of the down payment assistance program and will be applying our usual standards to borrowers taking advantage of the support program. These standards include testing a borrower's ability to repay not only their mortgage but also their other debts, including the new incentive, as well as a premium surcharge anytime a borrower is not providing the full minimum down payment without assistance.

Our standards for homebuyers receiving down payment assistance reflect the additional risk in these applications. They are not new and apply equally in all of Canada.

CMHC is committed to helping Canadian meet their housing needs. We encourage all aspiring homebuyers to make informed and responsible homebuying decisions that don't put their financial futures at risk, especially in a market that is showing signs of overvaluation

Karine J LeBlanc
 Media Relations Officer
 Public Affairs
kjleblan@cmhc-schl.gc.ca
 Telephone: 613 740-5413
 Facsimile:
 700 Montreal Road, Ottawa, ON, K1A 0P7
 Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Follow CMHC on [Twitter](#) [YouTube](#) [Flickr](#) [Linkedin](#)

Karine J LeBlanc
 Agente, Relations avec les médias
 Affaires publiques
kjleblan@cmhc-schl.gc.ca
 Téléphone : 613 740-5413
 Télécopieur :
 700, Chemin Montreal, Ottawa, ON, K1A 0P7
 Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

Suivez la SCHL sur [Twitter](#) [YouTube](#) [Flickr](#) [Linkedln](#)

Chris Woodcock

From: John Embury
Sent: December-15-16 3:05 PM
To: Chris Woodcock
Cc: Karine J LeBlanc; Ann Fuller; Charles Sauriol; Scott Drover; Teresa Amoroso; Barbara Ann Touzel
Subject: Re: FYI - Inquiry about BC First-Time Buyer Announcement -

yes, very good idea

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Karine J Leblanc/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Ann Fuller/NAT/CMHC-SCHL/CA@CMHC-SCHL, Charles Sauriol/NAT/CMHC-SCHL/CA@CMHC-SCHL, John Embury/NAT/CMHC-SCHL/CA@CMHC-SCHL, Scott Drover/NAT/CMHC-SCHL/CA@CMHC-SCHL, Teresa Amoroso/NAT/CMHC-SCHL/CA@CMHC-SCHL, Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 15/12/2016 02:44 PM
Subject: Re: FYI - Inquiry about BC First-Time Buyer Announcement - Global News BC

Good idea Karine.

From: Karine J Leblanc/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Ann Fuller/NAT/CMHC-SCHL/CA@CMHC-SCHL, Charles Sauriol/NAT/CMHC-SCHL/CA@CMHC-SCHL, John Embury/NAT/CMHC-SCHL/CA@CMHC-SCHL, Scott Drover/NAT/CMHC-SCHL/CA@CMHC-SCHL, Teresa Amoroso/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 15/12/2016 02:41 PM
Subject: Re: FYI - Inquiry about BC First-Time Buyer Announcement - Global News BC

Thank you for the information, Chris.

This PDF available on our website goes through the differences for MLI between traditional and non-traditional sources of downpayment. Would you like me to include it in the response?

<https://www.cmhc-schl.gc.ca/en/hoficlincl/moloin/hopr/upload/cmhc-mortgage-loan-insurance-quick-reference.pdf>

Karine J LeBlanc
Media Relations Officer
Public Affairs
kjleblan@cmhc-schl.gc.ca
Telephone: 613 740-5413
Facsimile:
700 Montreal Road, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Follow CMHC on [Twitter](#) [YouTube](#) [Flickr](#) [LinkedIn](#)

Karine J LeBlanc
Agente, Relations avec les médias
Affaires publiques
kjleblan@cmhc-schl.gc.ca
Téléphone : 613 740-5413
Télécopieur :
700, Chemin Montreal, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

Suivez la SCHL sur [Twitter](#) [YouTube](#) [Flickr](#) [LinkedIn](#)

s.19(1)
s.20(1)
s.21(1)(b)

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Karine J Leblanc/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Ann Fuller/NAT/CMHC-SCHL/CA@CMHC-SCHL, Charles Sauriol/NAT/CMHC-SCHL/CA@CMHC-SCHL, John Embury/NAT/CMHC-SCHL/CA@CMHC-SCHL, Scott Drover/NAT/CMHC-SCHL/CA@CMHC-SCHL, Teresa Amoroso/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 15/12/2016 02:37 PM
Subject: Re: FYI - Inquiry about BC First-Time Buyer Announcement - Global News BC

Background fact, but could be on the record: not everyone will qualify for an insured mortgage, and the bar is higher in cases where an individual is receiving assistance to meet the minimum down payment requirement. We look for a higher credit score, apply a premium surcharge and include the loan in the stress-tested debt service ratios.

The following quotes directly from the reply that we are sending to BC:

It is important to note that although the Program references a 5% down payment, the minimum down payment is 5% up to \$500,000 and 10% on any portion of the purchase price that exceeds \$500,000. CMHC applies a premium surcharge where the borrower does not fully meet the minimum down payment without assistance, such as a situation where the borrower only has 5% towards a home costing more than \$500,000. This is considered to be a "non-traditional" source of equity. Non-traditional sources of equity are only available to borrowers who have good credit history and sufficient income to support their obligations under the mortgage. Currently, a minimum credit score of at least 650 is used as a guideline for satisfying this requirement.

For the purpose of calculating debt service ratios at the time of the mortgage insurance application, loans under the Program are considered a debt obligation and must be included in the borrower's Total Debt Service (TDS) ratio calculation. CMHC's debt servicing requirements require Lenders to factor at least a monthly payment based on a twenty year amortization of the loan amount into TDS using the higher of the contract interest rate or Bank of Canada rate. In this case, twenty years refers to the Program loan amortization period, minus the five years with no principal and interest payments.

From: Karine J Leblanc/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Ann Fuller/NAT/CMHC-SCHL/CA@CMHC-SCHL, Teresa Amoroso/NAT/CMHC-SCHL/CA@CMHC-SCHL, Charles Sauriol/NAT/CMHC-SCHL/CA@CMHC-SCHL, John Embury/NAT/CMHC-SCHL/CA@CMHC-SCHL, Scott Drover/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Date: 15/12/2016 02:33 PM
Subject: FYI - Inquiry about BC First-Time Buyer Announcement -

Good afternoon,

I've received a call from .

INQUIRY:

According to the reporter, during the press conference, BC Government assured that there was no reason to worry about default because the mortgages would be insured. However, given that the scenario they offered was one where a buyer had 2.5% down from their own funds, and the BC program matched the other 2.5%, there was confusion about which point MLI would be obtained. Is this a cart before the horse scenario where you need MLI to participate in the BC program, but you need 5% down to get MLI? The reporter is asking the question on background.

PROPOSED RESPONSE:

CMHC approves applications for mortgage loan insurance on the condition that funds are advanced by the lender.

We will be applying our usual standards to borrowers taking advantage BC down payment assistance program. These standards include testing a borrower's ability to repay not only their mortgage but also their other debts, including the new

incentive, as well as a premium surcharge anytime a borrower is not providing the full minimum down payment without assistance.

Our standards for homebuyers receiving down payment assistance reflect the additional risk in these applications. They are not new and apply equally in all of Canada.

CMHC is committed to helping Canadian meet their housing needs. We encourage all aspiring homebuyers to make informed and responsible homebuying decisions that don't put their financial futures at risk, especially in a market that is showing signs of overvaluation.

Karine J LeBlanc

Media Relations Officer
Public Affairs
kjleblan@cmhc-schl.gc.ca

Telephone: 613 740-5413

Facsimile:

700 Montreal Road, Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

Follow CMHC on [Twitter](#) [YouTube](#) [Flickr](#) [LinkedIn](#)

Karine J LeBlanc

Agente, Relations avec les médias
Affaires publiques

kjleblan@cmhc-schl.gc.ca

Téléphone : 613 740-5413

Télécopieur :

700, Chemin Montreal, Ottawa, ON, K1A 0P7

Société canadienne d'hypothèques et de logement (SCHL)

www.schl.ca

Suivez la SCHL sur [Twitter](#) [YouTube](#) [Flickr](#) [LinkedIn](#)

Chris Woodcock

From: Steven Mennill
Sent: December-15-16 2:15 PM
To: Chris Woodcock
Cc: Barbara Ann Touzel; Caroline Sanfacon; Christie Breton; Christopher Gibbs; Doreen Lipovski; Eleanor Hughes; Glen Trevisani; Louise Michel; Mike Nelson; Scott Drover
Subject: Re: CMHC Position on BC DownPayment Assistance Program.docx

Good letter. No concerns.

Steve Mennill
Senior Vice-President
Insurance
smennill@cmhc-schl.gc.ca
Telephone: 613 748-2772
Facsimile:
700 Montreal Road, A3-, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Steve Mennill
Premier vice-président
Assurance
smennill@cmhc-schl.gc.ca
Téléphone : 613 748-2772
Télécopieur :
700, Chemin Montreal, A3-, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL, Glen Trevisani, smennill@cmhc-schl.gc.ca, Scott Drover/NAT/CMHC-SCHL/CA@CMHC-SCHL, Christopher Gibbs/NAT/CMHC-SCHL/CA@CMHC-SCHL, Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Christie Breton/NAT/CMHC-SCHL/CA@CMHC-SCHL, Doreen Lipovski/NAT/CMHC-SCHL/CA@CMHC-SCHL, Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL, Louise Michel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Eleanor Hughes/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Date: 15/12/2016 02:00 PM
Subject: CMHC Position on BC DownPayment Assistance Program.docx

I will be sending the attached letter to Dan Maxwell at 3pm EST. Please let me know if you have any last comments.

Chris



CMHC Position
on BC DownPay...

Chris Woodcock

From: Glen Trevisani
Sent: December-15-16 11:12 AM
To: Mike Nelson
Cc: Chris Woodcock
Subject: Fw: FINAL CMHC Messages - BC Home Ownership Assistance Plan

Hi Mike,

FYI, please note the announcement time

Glen V Trevisani
 Vice-President, Insurance Operations

gtrevisa@cmhc-schl.gc.ca
 Telephone: 613 748-4049
 Facsimile: 613 748-2433
 700 Montreal Road, A2-427, Ottawa, ON, K1A 0P7
 Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Glen V Trevisani
 Vice-président, Activités d'assurance

gtrevisa@cmhc-schl.gc.ca
 Téléphone : 613 748-4049
 Télécopieur : 613 748-2433
 700, Chemin Montreal, A2-427, Ottawa, ON, K1A 0P7
 Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

----- Forwarded by Glen V Trevisani/NAT/CMHC-SCHL/CA on 15/12/2016 11:09 AM -----

From: Scott Drover/NAT/CMHC-SCHL/CA
To: Evan W Siddall/NAT/CMHC-SCHL/CA@CMHC-SCHL, Steven C Mennill/NAT/CMHC-SCHL/CA@CMHC-SCHL, Glen V Trevisani/NAT/CMHC-SCHL/CA@CMHC-SCHL, Nathalie Fredette/QUE/CMHC-SCHL/CA@CMHC-SCHL, Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL, Albano Gidaro/QUE/CMHC-SCHL/CA@CMHC-SCHL, Ann Fuller/NAT/CMHC-SCHL/CA@CMHC-SCHL, Michel A Tremblay/NAT/CMHC-SCHL/CA@CMHC-SCHL, Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Kevin Wright/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Charles Daniel Mainville/PRA/CMHC-SCHL/CA@CMHC-SCHL, Charles Sauriol/NAT/CMHC-SCHL/CA@CMHC-SCHL, John Embury/NAT/CMHC-SCHL/CA@CMHC-SCHL, Teresa Amoroso/NAT/CMHC-SCHL/CA@CMHC-SCHL, Michel Laurence/NAT/CMHC-SCHL/CA@CMHC-SCHL, Christopher Gibbs/NAT/CMHC-SCHL/CA@CMHC-SCHL, Charles B MacArthur/NAT/CMHC-SCHL/CA@CMHC-SCHL, Carla Staresina/NAT/CMHC-SCHL/CA@CMHC-SCHL, Christelle Legault/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 15/12/2016 10:47 AM
Subject: FINAL CMHC Messages - BC Home Ownership Assistance Plan

Thanks to everyone for their input - we have managed to land the plane!

The attached file has the final messages. ,

Caroline - I trust that you will share as required with the BC team.

Nathalie/Chris G. - please do the same among the insurance group.

Finally - a reminder that the announcement is scheduled for 10:30am PST (1:30pm EST)

If you have any questions, please don't hesitate to give me a call.

Thanks again!

Scott



BC HOAP -
CMHC Message...

Chris Woodcock

From: Barbara Ann Touzel
Sent: December-15-16 10:21 AM
To: Chris Woodcock
Cc: Caroline Sanfacon; Mike Nelson; Christie Breton
Subject: Re: Response to BC

Thanks - on 20 years answer.

And for inclusion in ratios, can we contain it to TDS only as presented in letter, since that is in line with how we treat borrowed downpayment typically, say if it was coming from a LOC or something else. Albeit I recognize it would be more onerous to force it into the GDS too, but that would not be consistent with norm.

As well, I spoke with Mike, and the Backgrounder 2 (examples 2 & 3) from Province imply potential for Supplementing Downpayment. So to be clear to RUs on premiums we need to discuss, in separate Q&A those scenarios.

Barbara-Ann Touzel

Acting Manager, Homeowner Policy
 Office of the VP, Insurance Operations

btouzel@cmhc-schl.gc.ca

Telephone: 613 748-4813

Facsimile: 613 748-2783

700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

Everything you need to open new doors.

Barbara-Ann Touzel

Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)
 Bureau du vice-président, Activités d'assurance

btouzel@cmhc-schl.gc.ca

Téléphone : 613 748-4813

Télécopieur : 613 748-2783

700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7

Société canadienne d'hypothèques et de logement (SCHL)

www.schl.ca

La clé qui ouvre de nouvelles portes.

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@cmhc-schl,
Cc: Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl, Mike Nelson/BCY/CMHC-SCHL/CA@cmhc-schl
Date: 15/12/2016 10:08 AM
Subject: Re: Response to BC

We would qualify on 20 years, since no payments are required for the first five

From: Barbara-Ann Touzel

Sent: Thursday, December 15, 2016 9:13 AM

To: Chris Woodcock

Cc: Caroline Sanfacon; Mike Nelson

Subject: Fw: Response to BC

Hi I need this detail, to finalize a related Q&A for our staff on program. Please can you confirm what was communicated to date to BC (verbal or in email), regarding what amortization period we would use to qualify borrower, in terms of second mortgage inclusion in determining ratios i.e.

QUESTION 1:

A) up to 20 years (given after 5 years, borrower will have a remaining amortization of 20 years to repay)

OR

B) up to 25 years (lower monthly payment - more flexible, and recognizes borrower could begin repayment if he chooses in first year within IAD).

QUESTION 2:

Please confirm we are only including 2nd mortgage repayment in TDS, not GDS. Letter currently suggest only TDS, like all other debts not related to current 1st mortgage.

Barbara-Ann Touzel
Acting Manager, Homeowner Policy
Office of the VP, Insurance Operations
btouzel@cmhc-schl.gc.ca
Telephone: 613 748-4813
Facsimile: 613 748-2783
700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca
Everything you need to open new doors.

Barbara-Ann Touzel
Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)
Bureau du vice-président, Activités d'assurance
btouzel@cmhc-schl.gc.ca
Téléphone : 613 748-4813
Télécopieur : 613 748-2783
700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca
La clé qui ouvre de nouvelles portes.

----- Forwarded by Barbara-Ann Touzel/NAT/CMHC-SCHL/CA on 15/12/2016 09:04 AM -----

From: Glen V Trevisani/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl, Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl, Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl,
Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@cmhc-schl, Mike Nelson/BCY/CMHC-SCHL/CA@cmhc-schl
Date: 14/12/2016 07:23 PM
Subject: Re: Response to BC

Thanks Chris,

Just a couple of comments.

In the paragraph on TDS, can we be clearer on what we mean when we say the " highest potential monthly repayment amount"? Can we just say that the payment will be based on a twenty year amort using the higher of the contract rate and benchmark?

The use of capital "P" in the Program is not consistent. Last paragraph uses both upper and lower case when talking about program terms.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Chris Woodcock
Sent: Wednesday, December 14, 2016 5:08 PM
To: Glen V Trevisani; smennill@cmhc-schl.gc.ca; Caroline Sanfacon
Cc: Barbara-Ann Touzel; Mike Nelson
Subject: Response to BC

Steve, Glen, Caroline,

Attached to this email is the draft reply to BC regarding their down payment assistance program. I wanted to share the language in advance to ensure we are all on the same page with regard to the language and tone.

Please let me know if you have any comments. We can send it to BC tomorrow once final.

Chris

(See attached file: CMHC Response BC DAPV3.docx)

Chris Woodcock

From: Eleanor Hughes
Sent: December-15-16 10:37 AM
To: Chris Woodcock
Subject: Re: Home Ownership Assistance Program Presentation December 2016.pptx

awesome. thanks.

Eleanor Hughes

Manager, Policy Operations, Housing Finance
 Off. of SVP, Policy, Research & Public Affairs
ehughes@cmhc-schl.gc.ca
 Telephone: 613 748-2942
 Facsimile: 613 748-2433
 700 Montreal Road, C2-352, Ottawa, ON, K1A 0P7
[Canada Mortgage and Housing Corporation \(CMHC\)](http://www.cmhc.ca)
www.cmhc.ca

Eleanor Hughes

Gestionnaire, Activités liées aux politiques, Financement de l'habitation
 Bur. du PVP, Politiques, Rech. et Rel. publ.
ehughes@cmhc-schl.gc.ca
 Téléphone : 613 748-2942
 Télécopieur : 613 748-2433
 700, Chemin Montreal, C2-352, Ottawa, ON, K1A 0P7
[Société canadienne d'hypothèques et de logement \(SCHL\)](http://www.schl.ca)
www.schl.ca

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Eleanor Hughes/NAT/CMHC-SCHL/CA@cmhc-schl,
Date: 15/12/2016 10:30 AM
Subject: Re: Home Ownership Assistance Program Presentation December 2016.pptx

Thx - I'm on a massive chain with Evan et al and Scott. Will fwd

From: Eleanor Hughes
Sent: Thursday, December 15, 2016 10:30 AM
To: Chris Woodcock
Subject: Re: Home Ownership Assistance Program Presentation December 2016.pptx

OK great.

Scott Drover and team will be sharing material

Eleanor Hughes

Manager, Policy Operations, Housing Finance
 Off. of SVP, Policy, Research & Public Affairs
ehughes@cmhc-schl.gc.ca
 Telephone: 613 748-2942
 Facsimile: 613 748-2433
 700 Montreal Road, C2-352, Ottawa, ON, K1A 0P7
[Canada Mortgage and Housing Corporation \(CMHC\)](http://www.cmhc.ca)
www.cmhc.ca

Eleanor Hughes

Gestionnaire, Activités liées aux politiques, Financement de l'habitation
 Bur. du PVP, Politiques, Rech. et Rel. publ.
ehughes@cmhc-schl.gc.ca
 Téléphone : 613 748-2942
 Télécopieur : 613 748-2433
 700, Chemin Montreal, C2-352, Ottawa, ON, K1A 0P7
[Société canadienne d'hypothèques et de logement \(SCHL\)](http://www.schl.ca)
www.schl.ca

Chris Woodcock---15/12/2016 10:28:52 AM---Assuming you have seen this as well.

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Eleanor Hughes/NAT/CMHC-SCHL/CA@cmhc-schl,
Date: 15/12/2016 10:28 AM
Subject: Re: Home Ownership Assistance Program Presentation December 2016.pptx

You bet. We're sending BC a letter today.

From: Eleanor Hughes

Sent: Thursday, December 15, 2016 9:49 AM

To: Chris Woodcock

Subject: Fw: Home Ownership Assistance Program Presentation December 2016.pptx

Assuming you have seen this as well.

Eleanor Hughes

Manager, Policy Operations, Housing Finance
Off. of SVP, Policy, Research & Public Affairs
ehughes@cmhc-schl.gc.ca
Telephone: 613 748-2942
Facsimile: 613 748-2433
700 Montreal Road, C2-352, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Eleanor Hughes

Gestionnaire, Activités liées aux politiques, Financement de l'habitation
Bur. du PVP, Politiques, Rech. et Rel. publ.
ehughes@cmhc-schl.gc.ca
Téléphone : 613 748-2942
Télécopieur : 613 748-2433
700, Chemin Montreal, C2-352, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

----- Forwarded by Eleanor Hughes/NAT/CMHC-SCHL/CA on 15/12/2016 09:49 AM -----

From: Scott Drover/NAT/CMHC-SCHL/CA

To: Kevin Wright/NAT/CMHC-SCHL/CA@CMHC-SCHL, Eleanor Hughes/NAT/CMHC-SCHL/CA@CMHC-SCHL,

Date: 14/12/2016 03:25 PM

Subject: Home Ownership Assistance Program Presentation December 2016.pptx

FYI - not sure if this has made it your way but I'm just getting up to speed.

BC help/incentive for FTB.

I'm trying to get the MLI policy response/position but from a HF Policy it goes against some of the recent changes.

Scott

(See attached file: Home Ownership Assistance Program Presentation December 2016.pptx)

Chris Woodcock

From: Barbara Ann Touzel
Sent: December-15-16 8:45 AM
To: Chris Woodcock
Subject: Re: Fw: Response to BC

We should meet to discuss best approach with Doreen and Brian I recommended link to Program website and an internal Q&A. We always call it non-traditional downpayment in our collateral to clients, But on lender's system it could be called something else.

My concern is that Lenders may need more direction, on how to include the second mortgage repayment in the qualifying borrower (e.g. use an amort of up to 25 years, all of 2nd mortgage loan amount, and include only in TDS, not GDS). Up to Program admin staff to manage who can qualify under their program.

Barbara-Ann Touzel
 Acting Manager, Homeowner Policy
 Office of the VP, Insurance Operations
btouzel@cmhc-schl.gc.ca
 Telephone: 613 748-4813
 Facsimile: 613 748-2783
 700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7
[Canada Mortgage and Housing Corporation \(CMHC\)](http://www.cmhc.ca)
www.cmhc.ca

Everything you need to open new doors.

Barbara-Ann Touzel
 Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)
 Bureau du vice-président, Activités d'assurance
btouzel@cmhc-schl.gc.ca
 Téléphone : 613 748-4813
 Télécopieur : 613 748-2783
 700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7
[Société canadienne d'hypothèques et de logement \(SCHL\)](http://www.schl.ca)
www.schl.ca

La clé qui ouvre de nouvelles portes.

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@cmhc-schl,
Date: 14/12/2016 09:53 PM
Subject: Fw: Response to BC

See attached. Who usually signs such a letter? Me? Can we confirm exactly how we'll communicate these requirements to lenders?

From: Chris Woodcock <cwoodcoc@cmhc-schl.gc.ca>
Sent: Wednesday, December 14, 2016 9:45 PM
To: Glen V Trevisani; Steven C Mennill; Caroline Sanfacon
Subject: Response to BC

Here is a revised version based on Glen's comments and another exchange with Louise Michel in case you want to reply to Evan with it saying it will go out tomorrow.

They shouldn't have an issue with anything else in the letter.



BCHMC deposit
program.docx



Mr. Dan Maxwell
Vice President of Corporate Services
and Chief Financial Officer
BC Housing

Dear Mr. Maxwell,

Thank you for the opportunity to review the draft Program Framework for the Down Payment Assistance Program being launched by BC Housing. CMHC has reviewed the information provided and confirms that the Program does not violate CMHC's current policies for Homeowner Mortgage Insurance.

Standard CMHC policies for homeowner loans will apply. We would, however, require as part of the program design that BC Housing expressly agree

It is important to note that although the Program references a 5% down payment, the minimum down payment is 5% up to \$500,000 and 10% on any portion of the purchase price that exceeds \$500,000. CMHC applies a premium surcharge in any case where the borrower does not fully meet the minimum down payment without assistance, such as a situation where the borrower has 5% towards a home costing more than \$500,000. This is considered to be a "non-traditional" source of down payment as the minimum down payment is being borrowed from the Province of BC and is being registered as a second mortgage with a repayable term. Non-traditional sources of equity are only available to borrowers who have good credit history and sufficient income to support their obligations under the mortgage. Currently, a recommended minimum credit score of at least 650 is used as a guideline for satisfying this requirement.

For the purpose of calculating debt service ratios, borrowed equity is considered a debt obligation and must be included in the borrower's Total Debt Service (TDS) ratio calculation. CMHC's standard debt servicing requirements will apply. CMHC would qualify the borrower based on a twenty amortization period using the higher of the contract interest rate or Bank of Canada rate.

Lastly, CMHC requests that the Program principles include an insured residential first mortgage from a National Housing Act (NHA) Approved Lender.

The Program terms indicate the loan is due and payable in full upon transfer of the home or change of ownership (including addition of a person to title). CMHC's policy on assumptions permits a new borrower to assume the same insured loan on the same property or release the covenant of the original borrower provided the new borrower is at least as financially strong as the original borrower. We suggest consideration be given to accommodate situations where assumptions may be permitted under the Program terms.

Sincerely,

Chris Woodcock

From: Barbara Ann Touzel
Sent: December-14-16 5:46 PM
To: Christie Breton
Cc: Mike Nelson; Chris Woodcock
Subject: Fw: Response to BC

Hi Christie -

I was discussing with Mike N, we need to ensure Scott's external 1 sentence message is translated for external messaging (*The Program does not violate CMHC's current policies for Homeowner Mortgage Insurance. Standard CMHC polices for homeowner loans will apply.*)

Also our internal Q&A for RUs will need translation, plus it needs to more clearly articulate what impact it has to TDS. ... i.e. the second mortgage monthly repayment of debt at loan initiation for a second mortgage included in the TDS (not GDS), could be based on an amortization period of not more than 25 years. At least that is our understanding of what was communicated to BC on their program, based on the potential for a default in the first month of a 25 year first mortgage.

RE: For the purpose of calculating debt service ratios, borrowed equity is considered a debt obligation and must be included in the borrower's Total Debt Service (TDS) ratio calculation. CMHC's standard debt servicing requirements will apply. CMHC would assume that borrowers would not make repayments during the Principal and Interest free period and would qualify based on the highest potential monthly repayment amount over the amortization of the second mortgage.

I will speak to Doreen L in Comms as well as Brian Z tomorrow so they are brought up to speed, on the potential for this to be announced Friday. To date, this has been on the down-low.

Thanks

----- Forwarded by Barbara-Ann Touzel/NAT/CMHC-SCHL/CA on 14/12/2016 05:22 PM -----

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Glen Trevisani, smennill@cmhc-schl.gc.ca, Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL
Date: 14/12/2016 05:08 PM
Subject: Response to BC

Steve, Glen, Caroline,

Attached to this email is the draft reply to BC regarding their down payment assistance program. I wanted to share the language in advance to ensure we are all on the same page with regard to the language and tone.

Please let me know if you have any comments. We can send it to BC tomorrow once final.

Chris



CMHC Response
BC DAPV3.docx

Chris Woodcock

From: Caroline Sanfacon
Sent: December-14-16 5:33 PM
To: Hemesh Parbhu
Cc: Nathalie Fredette; Mike Nelson; Chris Woodcock
Subject: Re: Reactive Lines on BC Program

Hi Hemesh

here is the draft document BCHMC confirm they have circulated in the context of their consultation process. Mike is aware of the program and has been working with me and Chris W on the treatment of potential requests. Please circle back with him before providing any comments or input to lenders or associations. Chris already had discussions with approved lenders who were approached by BCHMC.

Caroline



Draft DAP
Framework .docx

Caroline Sanfacon
Regional Vice-President
Office of the Regional VP (British Columbia)
csanfac@cmhc-schl.gc.ca
Telephone: 604 737-4150
Facsimile:
1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfacon
Vice-présidente régionale
Bureau du vice-président régional, C.-B.
csanfac@cmhc-schl.gc.ca
Téléphone : 604 737-4150
Télécopieur :
1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



From: Hemesh Parbhu/BCY/CMHC-SCHL/CA
To: Scott Drover/NAT/CMHC-SCHL/CA@cmhc-schl, Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl,
Cc: Charles Daniel Mainville/PRA/CMHC-SCHL/CA@cmhc-schl, Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl,
Mike Nelson/BCY/CMHC-SCHL/CA@cmhc-schl, Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@cmhc-schl, Daina
Boyd/BCY/CMHC-SCHL/CA@cmhc-schl, Nathalie Fredette/QUE/CMHC-SCHL/CA@cmhc-schl
Date: 14/12/2016 01:39 PM
Subject: Re: Reactive Lines on BC Program

s.19(1)
s.20(1)
s.21(1)(a)
s.21(1)(b)

Hi all,

Just an FYI, I received a call from _____ and she wanted to discuss how the whole process would work on applications for insurance. She mentioned to me that BC Housing sent her a deck and information on the program. I advised her that I did not have the same information and could not comment but once I knew more I would circle back with her which I will do after the announcement.

Caroline, can I please have a copy of the info package Scott is mentioning. Do you have a copy of what BC Housing has provided to some of our insurance clients. It would help me to be able to review it.

Thanks,
Hemesh

Sent from Hemesh's mobile device / 604-362-6479

From: Scott Drover

Sent: Wednesday, December 14, 2016 1:07 PM

To: Caroline Sanfacon

Cc: Charles Daniel Mainville; Chris Woodcock; Mike Nelson; Barbara-Ann Touzel; Daina Boyd; Hemesh Parbhu; Nathalie Fredette

Subject: Re: Fw: Reactive Lines on BC Program

Hi Caroline - I've added Hemesh and Nathalie to this email now too given the possible CRM implication.

I spoke with Daina and was able to get a copy of the information on the program. Thanks!

I also spoke with Barb in HO policy to get a better understanding of our position. Based on my understanding, I think from a Public Affairs and media relations perspective we should stick pretty close to this:

- *The Program does not violate CMHC's current policies for Homeowner Mortgage Insurance. Standard CMHC polices for homeowner loans will apply.*

If you think there's something missing from my end, I'm happy to continue to working on this with you. Please let me know.

Scott

Caroline Sanfacon---14/12/2016 02:27:23 PM---HI Scott, the announcement is scheduled for Friday and I would like to ensure we are ready ahead of

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA

To: Scott Drover/NAT/CMHC-SCHL/CA@CMHC-SCHL,

Cc: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL, Charles Daniel Mainville/PRA/CMHC-SCHL/CA@CMHC-SCHL

Date: 14/12/2016 02:27 PM

Subject: Fw: Reactive Lines on BC Program

Hi Scott,

the announcement is scheduled for Friday and I would like to ensure we are ready ahead of the announcement with media lines and 1 or 2 key messages for staff (incl staff outside insurance in MAC for example).

Are you looking for further clarification/information? Would it be possible to get something we can share ahead of the meeting?

Caroline

s.21(1)(b)

Caroline Sanfacon
 Regional Vice-President
 Office of the Regional VP (British Columbia)
csanfaco@cmhc-schl.gc.ca
 Telephone: 604 737-4150
 Facsimile:
 1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3
 Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfacon
 Vice-présidente régionale
 Bureau du vice-président régional, C.-B.
csanfaco@cmhc-schl.gc.ca
 Téléphone : 604 737-4150
 Télécopieur :
 1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3
 Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



----- Forwarded by Caroline Sanfacon/BCY/CMHC-SCHL/CA on 14/12/2016 11:24 AM -----

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
 To: Scott Drover/NAT/CMHC-SCHL/CA@CMHC-SCHL,
 Cc: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL
 Date: 12/12/2016 10:09 AM
 Subject: Re: Reactive Lines on BC Program

Hi Scott, thank you for this.

I think the most important point missing is that CMHC is aware of the provincial program and it meets CMHC's normal policy and guidelines. It is business as usual for us...

We will need something for the CRM staff (I'm thinking the key account reps who might get calls from the FI head offices I in addition to reactive lines for regional staff like MAC, PA and Insurance once the announcement is made (on Friday this week)

Caroline

Caroline Sanfacon
 Regional Vice-President
 Office of the Regional VP (British Columbia)
csanfaco@cmhc-schl.gc.ca
 Telephone: 604 737-4150
 Facsimile:
 1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3
 Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfacon
 Vice-présidente régionale
 Bureau du vice-président régional, C.-B.
csanfaco@cmhc-schl.gc.ca
 Téléphone : 604 737-4150
 Télécopieur :
 1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3
 Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



Scott Drover---11/12/2016 05:55:01 PM---Hi Chris/Caroine, I have just gone through Evan's recent speeches at the Bank of England and the Van

From: Scott Drover/NAT/CMHC-SCHL/CA
 To: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,
 Cc: Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL
 Date: 11/12/2016 05:55 PM

Hi Chris/Caroine,

I have just gone through Evan's recent speeches at the Bank of England and the Vancouver Board of Trade. Here are some points that I think will help respond to questions we might get asked about the new BC program.

Admittedly, I have only very basic/limited information on the actual program - just what Chris told me in the stairs last week. The biggest thing I think that is missing from the bullets below is something explaining what our actual policy position will be. Chris - maybe we can connect tomorrow and/or you can send me copies of the letters you've developed.

- *Our Housing Market Assessment has identified strong evidence of problematic conditions in Metro Vancouver. Continued price growth is of particular concern. (VBoT)*
- *The Bank of Canada continues to flag elevated household debt as the top vulnerability to financial stability in Canada. (VBoT)*

Thanks!

Scott

Scott Drover, MBA
Communications and Marketing Consultant
Public Affairs
sdrover@cmhc-schl.gc.ca
Telephone: 613 748-2811
Facsimile:
700 Montreal Road, A3-216, Ottawa, ON, K1A 0P7
[Canada Mortgage and Housing Corporation \(CMHC\)](http://www.cmhc.ca)
www.cmhc.ca

Follow CMHC on [Twitter](#) [YouTube](#) [LinkedIn](#) [Facebook](#)

Scott Drover, MBA
Conseiller, Communications et marketing
Relations publiques
sdrover@cmhc-schl.gc.ca
Téléphone : 613 748-2811
Télécopieur :
700, Chemin Montreal, A3-216, Ottawa, ON, K1A 0P7
[Société canadienne d'hypothèques et de logement \(SCHL\)](http://www.schl.ca)
www.schl.ca

Suivez la SCHL sur [Twitter](#) [YouTube](#) [LinkedIn](#) [Facebook](#)

Chris Woodcock--09/12/2016 09:26:31 PM--Hi Scott, just wondering if you had a chance to pull together your thoughts on reactive lines for th

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Scott Drover/NAT/CMHC-SCHL/CA@cmhc-schl,
Cc: Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl
Date: 09/12/2016 09:26 PM
Subject: Reactive Lines on BC Program

Hi Scott, just wondering if you had a chance to pull together your thoughts on reactive lines for the BC First Time Homebuyer program that we discussed the other day?

BC has started reaching out to clients so our CRM team may also get calls soon.

I'm copying Caroline as she has been on the front line with BC for this one.

FYI my team worked with Legal to draft the response to BC confirming our position. I will be reviewing it this

weekend and will share before anything goes out.

Chris

Chris Woodcock

From: Dan Maxwell <DanMaxwell@bchousing.org>
Sent: December-12-16 4:45 PM
To: Caroline Sanfacon
Cc: Chris Woodcock
Subject: RE: BCHMC - Lenders
Attachments: Home Ownership Assistance Program Presentation December 2016.pptx

here is the presentation that I have been sharing ... a final and slightly updated version will be available on Thursday

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

From: csanfaco@cmhc-schl.gc.ca [mailto:csanfaco@cmhc-schl.gc.ca]
Sent: December-12-16 1:41 PM
To: Dan Maxwell
Cc: cwoodcoc@cmhc-schl.gc.ca
Subject: RE: BCHMC - Lenders

Hi Dan,

we heard from lenders that you have started to reach out to some of them and provided material regarding your program. Would it be possible to get a copy? Thank you

Caroline

Caroline Sanfacon

Regional Vice-President
Office of the Regional VP (British Columbia)

csanfaco@cmhc-schl.gc.ca

Telephone: 604 737-4150

Facsimile:

1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

Caroline Sanfacon

Vice-présidente régionale

Bureau du vice-président régional, C.-B.

csanfaco@cmhc-schl.gc.ca

Téléphone : 604 737-4150

Télécopieur :

1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3

Société canadienne d'hypothèques et de logement (SCHL)

www.schl.ca



From: Dan Maxwell <DanMaxwell@bchousing.org>
To: "csanfaco@cmhc-schl.gc.ca" <csanfaco@cmhc-schl.gc.ca>
Date: 06/12/2016 03:33 PM
Subject: RE: BCHMC - Lenders

thanks

s.19(1)
s.20(1)(b)

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

From: csanfaco@cmhc-schl.gc.ca [mailto:csanfaco@cmhc-schl.gc.ca]
Sent: December-06-16 3:20 PM
To: Dan Maxwell
Subject: Fw: BCHMC - Lenders

Hello Dan,

Here is a list of approved lenders. Those contacts are government contacts (most lenders prefer we don't share our business contacts) and they will put you in touch with the right people.

You may want to have one on one discussions with 3 or 4 of them so you get the most out of your discussions.

Let me know if you would like to discuss

Caroline
Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Hemesh Parbhu <hparbhu@cmhc-schl.gc.ca>
Sent: Tuesday, December 6, 2016 6:07 PM
To: Caroline Sanfacon
Subject: Re: BCHMC - Lenders

Hi Caroline,

Here you go.

Financial Institution	Name	Email	Phone
------------------------------	-------------	--------------	--------------

Thanks,

Hemesh Parbhu

Regional Manager, Client Relations

BC Region

hparbhu@cmhc.ca | tel: 604.737.4120 | fax: 604.737.4122

1111 West Georgia Street, Suite 2000 - Vancouver BC, V6E 4M3

Canada Mortgage and Housing Corporation | www.cmhc.ca

Caroline Sanfacon---06/12/2016 08:43:34 AM---Hi Caroline, Will finish putting this together for you today.

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA

To: Hemesh Parbhu/BCY/CMHC-SCHL/CA@cmhc-schl,

Date: 06/12/2016 08:43 AM

Subject: Re: BCHMC - Lenders

Merci

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Hemesh Parbhu

Sent: Tuesday, December 6, 2016 8:43 AM

To: Caroline Sanfacon

Subject: Re: BCHMC - Lenders

Hi Caroline,

Will finish putting this together for you today.

Thanks,

Hemesh

Sent from Hemesh's mobile device / 604-362-6479

From: Caroline Sanfacon

Sent: Monday, December 5, 2016 5:36 PM

To: Hemesh Parbhu

Subject: BCHMC - Lenders

Hi Hemesh

Would it be possible to get the lender contact information for the Province tomorrow? Let me know

Caroline

Caroline Sanfacon
Regional Vice-President

Caroline Sanfacon
Vice-présidente régionale

Office of the Regional VP (British Columbia)

csanfac@cmhc-schl.gc.ca

Telephone: 604 737-4150

Facsimile:

1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

Bureau du vice-président régional, C.-B.

csanfac@cmhc-schl.gc.ca

Téléphone : 604 737-4150

Télécopieur :

1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3

Société canadienne d'hypothèques et de logement (SCHL)

www.schl.ca

(See attached file: 0.BDE.jpeg.jpeg)(See attached file: 0.5D6A.jpeg.jpeg)

NOTICE: This email message, including any attachments, is confidential, subject to copyright and may be privileged. Any unauthorized use or disclosure is prohibited.

AVIS: Le présent message, incluant toute pièce jointe, est confidentiel, protégé par des droits d'auteur et peut contenir des renseignements privilégiés. L'utilisation ou la communication non autorisée de ces renseignements est interdite.

NOTICE: This email message, including any attachments, is confidential, subject to copyright and may be privileged. Any unauthorized use or disclosure is prohibited.

AVIS: Le présent message, incluant toute pièce jointe, est confidentiel, protégé par des droits d'auteur et peut contenir des renseignements privilégiés. L'utilisation ou la communication non autorisée de ces renseignements est interdite.

Home Ownership Assistance Program

Technical Briefing
December 2016

Confidential until Public Announcement December 15, 2016



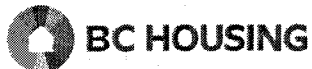
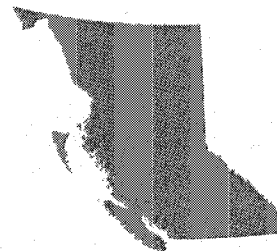


Home Ownership Assistance Program (HOAP) Overview

Supports eligible homebuyers with the purchase of their first home

- Matching repayable loans for up to 5% of the purchase price, maximum of \$37,500
- No interest, no payment for the first 5 years
- Applications accepted starting January 16, 2017
- Three-year program - loans advanced from February 15, 2017 to March 31, 2020

Anywhere in British Columbia



Home Ownership Assistance Program



Homebuyer Eligibility

All individuals with a registered interest on title must reside in the home and:

- Be a first-time homebuyer
- Be a Canadian citizen or permanent resident
- Have resided in BC for at least three years
- Have a combined gross income of \$150,000 or less
- Have saved at least half of the minimum down payment they will require
- Applicants must be pre-approved for a 1st mortgage before applying

1st mortgage must be high-ratio insured from an NHA approved lender, for more than 80% of the purchase price



Home Ownership Assistance Program



Eligible Properties

Any legal, self-contained, mortgageable residence located in BC

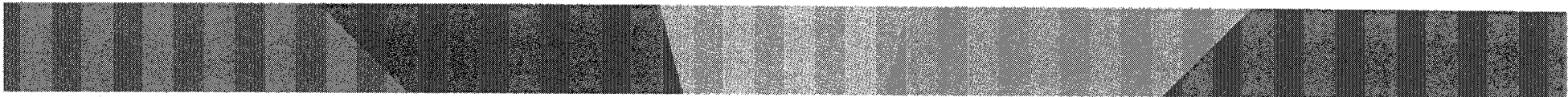
- Must be used as the homebuyer's principal residence for the first 5 years
- Rental properties and seasonal/recreational properties not eligible



**Purchase price cannot exceed
\$750,000**





Home Ownership Assistance Program



[Website](#) | [My Profile](#) | [Notifications](#)

Apply Online

Applicants register for a *MyBCHousing* account and complete their HOAP applications online

 MENU 

My BC Housing Account

Email

Password

Sign in

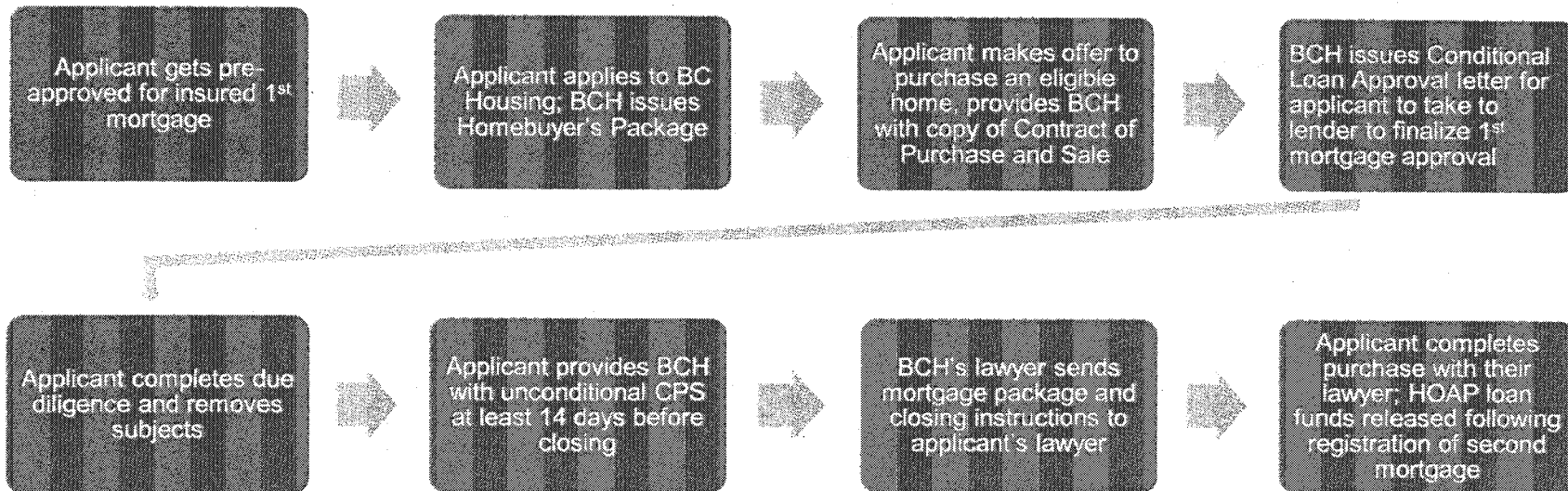
[I forgot my password](#)

[Don't have an account? Create one now.](#)



Home Ownership Assistance Program

Process



Home Ownership Assistance Program



Homebuyer's Package

Provided to homebuyer once they apply online and eligibility is confirmed

- Confirmation of eligibility letter highlighting key details and dates
- Homebuyer's Package - program overview and Homebuyer's Checklist
- Information and program overview for the professionals the homebuyer will work with:
 - Lender's Package
 - Real Estate Agent's Package
 - Lawyer/Notary Public's Package



Home Ownership Assistance Program



HOAP Loans

- Up to 25 year term, registered second mortgage
- Interest and payment free for the first five years
- Monthly principal and interest payments begin in year six, amortized over remaining 20 years
- Interest rate for years 6 to 10 set near first mortgage rate at time mortgage is registered
- Interest rate reset to near first mortgage rate at years 10, 15 and 20
- Homeowner may repay in full or in part at anytime without penalty



Home Ownership Assistance Program



HOAP Loans

- Due and payable in full upon:
 - The home ceasing to be the principal residence in the first five years
 - Default on the first mortgage
 - Sale of home or change of ownership (adding anyone to title)
 - Any other default on the HOAP second mortgage

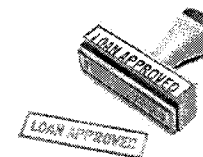


Home Ownership Assistance Program

Forecast HOAP Loans

	2016/17	2017/18	2018/19	2019/20	Total
New Loans Issued (number)	2,778	11,110	13,110	15,110	42,108
New Loans Issued (\$ millions)	47	185	219	252	703

Estimated Average Loan Amount : \$16,685



Home Ownership Assistance Program



Questions?



Home Ownership Assistance Program

Chris Woodcock

From: Caroline Sanfacon
Sent: December-12-16 1:10 PM
To: Scott Drover
Cc: Chris Woodcock
Subject: Re: Reactive Lines on BC Program

Hi Scott, thank you for this.

I think the most important point missing is that CMHC is aware of the provincial program and it meets CMHC's normal policy and guidelines. It is business as usual for us...

We will need something for the CRM staff (I'm thinking the key account reps who might get calls from the FI head offices ahead of the Premier's announcement) in addition to reactive lines for regional staff like MAC, PA and Insurance once the announcement is made (on Friday this week)

Caroline

Caroline Sanfacon
 Regional Vice-President
 Office of the Regional VP (British Columbia)
csanfaco@cmhc-schl.gc.ca
 Telephone: 604 737-4150
 Facsimile:
 1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E
 4M3
[Canada Mortgage and Housing Corporation \(CMHC\)](http://www.cmhc.ca)
www.cmhc.ca

Caroline Sanfacon
 Vice-présidente régionale
 Bureau du vice-président régional, C.-B.
csanfaco@cmhc-schl.gc.ca
 Téléphone : 604 737-4150
 Télécopieur :
 1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E
 4M3
[Société canadienne d'hypothèques et de logement \(SCHL\)](http://www.schl.ca)
www.schl.ca



From: Scott Drover/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL
Date: 11/12/2016 05:55 PM
Subject: Re: Reactive Lines on BC Program

Hi Chris/Caroine,

I have just gone through Evan's recent speeches at the Bank of England and the Vancouver Board of Trade. Here are some points that I think will help respond to questions we might get asked about the new BC program.

Admittedly, I have only very basic/limited information on the actual program -

The biggest thing I think that is missing from the bullets below is something explaining what our actual policy position will be. Chris - maybe we can connect tomorrow and/or you can send me copies of the letters you've developed.

- *Our Housing Market Assessment has identified strong evidence of problematic conditions in Metro Vancouver. Continued price growth is of particular concern. (VBoT)*
- *The Bank of Canada continues to flag elevated household debt as the top vulnerability to financial stability in Canada. (VBoT)*

Thanks!

Scott

Scott Drover, MBA
Communications and Marketing Consultant
Public Affairs
sdrover@cmhc-schl.gc.ca
Telephone: 613 748-2811
Facsimile:
700 Montreal Road, A3-216, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Follow CMHC on [Twitter](#) [YouTube](#) [LinkedIn](#) [Facebook](#)

Scott Drover, MBA
Conseiller, Communications et marketing
Relations publiques
sdrover@cmhc-schl.gc.ca
Téléphone : 613 748-2811
Télécopieur :
700, Chemin Montreal, A3-216, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

Suivez la SCHL sur [Twitter](#) [YouTube](#) [LinkedIn](#) [Facebook](#)

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Scott Drover/NAT/CMHC-SCHL/CA@cmhc-schl,
Cc: Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl
Date: 09/12/2016 09:26 PM
Subject: Reactive Lines on BC Program

Hi Scott, just wondering if you had a chance to pull together your thoughts on reactive lines for the BC First Time Homebuyer program that we discussed the other day?

BC has started reaching out to clients so our CRM team may also get calls soon.

I'm copying Caroline as she has been on the front line with BC for this one.

FYI my team worked with Legal to draft the response to BC confirming our position. I will be reviewing it this weekend and will share before anything goes out.

Chris

Chris Woodcock

From: Mike Nelson
Sent: December-06-16 5:34 PM
To: Christie Breton
Cc: Barbara Ann Touzel; Chris Woodcock; Louise Michel
Subject: Re: BC Housing DAP Response Letter

From my read, the second would not have P&I for the first 5 years (as a benefit).

Mike Nelson
Regional Manager, Homeowner Underwriting (West)
Office of the VP, Insurance Operations
mnelson@cmhc.ca
Telephone: 604 737-4035
Facsimile: 604 714-3701
1111 West Georgia, Suite 2000, Vancouver, BC, V6E 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Mike Nelson
Gestionn. rég., Souscription log. p.-o. Ouest
Bureau du vice-président, Activités d'assurance
mnelson@cmhc.ca
Téléphone : 604 737-4035
Télécopieur : 604 714-3701
1111 Chemin Georgia O, Porte 2000, Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

From: Christie Breton/NAT/CMHC-SCHL/CA
To: Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Louise Michel/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 06/12/2016 12:50 PM
Subject: Re: BC Housing DAP Response Letter

Thanks Mike, I will incorporate your comments

I will touch base with the Framework team to confirm. On a side note, I am trying to understand why a borrower would require the DAP if they meet the minimum equity requirements through traditional sources (borrower's own funds). What would be the benefit for the borrower to register a 2nd mortgage to use as a larger down payment if they already meet the minimum equity requirements?

Christie Breton
Senior Analyst, Policy and Operations
Office of the VP, Insurance Operations
cbreton@cmhc-schl.gc.ca
Telephone: 613 748-2321
Facsimile: 613 748-2783
700 Montreal Road, A2-518, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

From: Mike Nelson/BCY/CMHC-SCHL/CA
To: Christie Breton/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Louise Michel/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 06/12/2016 03:00 PM
Subject: Re: BC Housing DAP Response Letter

Hj Christie, a few comments:

"The DAP Loan will match the cash down payment provided by the applicant up to a maximum of 5% of the purchase price. The combined cash down payment and DAP Loan must meet the minimum down payment requirements to qualify for an insured residential first mortgage for the home and be less than 20% of the purchase price. "

- When we treat the program outside of the "Flexibilities," there could be a scenario where the purchaser has met the minimum equity requirement with their own funds (with BCH matching up to an additional 5%). As the minimum equity requirement has been met through "traditional" sources (borrower's own funds) our current supplementing down payment policy / premium calculation could apply
- While the supplementing down payment policy is not in our collateral, BCH is an Approved Lender and has access to our Handbook (which outlines the supplementing down payment policy).

Amongst the due and payable conditions, it appears that assumptions are included (release / replacement of covenant). Assumptions are typically qualified by the lender, without a referral to CMHC. In addition to the overall concerns with the due and payable conditions, there could be instances where the assumption requirement jeopardises a performing loan and places additional financial burden on the borrower. An example would be a spousal split where the remaining borrower qualifies or where the remaining borrower has obtained an additional borrower to maintain qualification.

Perhaps indicate our standard debt servicing requirements would apply.

Mike Nelson

Regional Manager, Homeowner Underwriting (West)
Office of the VP, Insurance Operations
mnelson@cmhc.ca
Telephone: 604 737-4035
Facsimile: 604 714-3701
1111 West Georgia, Suite 2000, Vancouver, BC, V6E 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Mike Nelson

Gestionn. rég., Souscription log. p.-o. Ouest
Bureau du vice-président, Activités d'assurance
mnelson@cmhc.ca
Téléphone : 604 737-4035
Télécopieur : 604 714-3701
1111 Chemin Georgia O, Porte 2000, Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

From: Christie Breton/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL, Louise Michel/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 06/12/2016 09:07 AM
Subject: Re: BC Housing DAP Response Letter

Hello all - please see attached draft response letter for the BC Housing DAP. Let me know if this will suffice. Louise, would you mind reviewing from a legal perspective (I took your comments into consideration). Thanks and please feel free to comment/edit.

[attachment "CMHC Response BC DAP.docx" deleted by Mike Nelson/BCY/CMHC-SCHL/CA]
"Draft DAP Framework .docx" deleted by Mike Nelson/BCY/CMHC-SCHL/CA] (for reference)

[attachment

Christie Breton
Senior Analyst, Policy and Operations
Office of the VP, Insurance Operations
cbreton@cmhc-schl.gc.ca
Telephone: 613 748-2321
Facsimile: 613 748-2783
700 Montreal Road, A2-518, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

----- Forwarded by Barbara-Ann Touzel/NAT/CMHC-SCHL/CA on 05/12/2016 06:42 PM -----

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@cmhc-schl,
Date: 05/12/2016 06:42 PM
Subject: Re: BC

Perfect thx. That's exactly what we had in mind.

From: Barbara-Ann Touzel
Sent: Monday, December 5, 2016 6:41 PM
To: Chris Woodcock
Subject: Re: BC

Yes, Christie is working on it, we will send you draft tomorrow, at same time as to legal. Mike said to stay light on details, simply state that client qualify as per standard underwriting for non-traditional downpayments with second loan debts included to qualify. Also mention need for a stand still agreement for second mortgage and get Legal to verify letter against program text. If that is not what you had in mind, let me know. Also no product tracker needed, as this is not an Aff. Hsg project.

Barbara-Ann Touzel
Acting Manager, Homeowner Policy
Office of the VP, Insurance Operations
btouzel@cmhc-schl.gc.ca
Telephone: 613 748-4813
Facsimile: 613 748-2783
700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Everything you need to open new doors.

Barbara-Ann Touzel
Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)
Bureau du vice-président, Activités d'assurance
btouzel@cmhc-schl.gc.ca
Téléphone : 613 748-4813
Télécopieur : 613 748-2783
700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

La clé qui ouvre de nouvelles portes.

Chris Woodcock

From: Barbara Ann Touzel
Sent: December-06-16 5:07 PM
To: Louise Michel
Cc: Christie Breton; Mike Nelson; Chris Woodcock; Maya Weiss
Subject: Re: BC Housing DAP Response Letter

Thanks again for your assistance on it. ()
 we are treating it as regular underwriting with a non-traditional down payment.

Barbara-Ann Touzel
 Acting Manager, Homeowner Policy
 Office of the VP, Insurance Operations
btouzel@cmhc-schl.gc.ca
 Telephone: 613 748-4813
 Facsimile: 613 748-2783
 700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7
 Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca
Everything you need to open new doors.

Barbara-Ann Touzel
 Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)
 Bureau du vice-président, Activités d'assurance
btouzel@cmhc-schl.gc.ca
 Téléphone : 613 748-4813
 Télécopieur : 613 748-2783
 700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7
 Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca
La clé qui ouvre de nouvelles portes.

From: Louise Michel/NAT/CMHC-SCHL/CA
To: Christie Breton/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL, Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL,
 Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Maya Weiss/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 06/12/2016 05:00 PM
Subject: Re: BC Housing DAP Response Letter

Attached please find a few comments addressing the standstill arrangements.

Chris Woodcock

From: Louise Michel
Sent: December-02-16 5:47 PM
To: Chris Woodcock
Cc: Barbara Ann Touzel; Maya Weiss
Subject: Re: Fw: BC Housing Down Payment Assistance Program - Affordable Flexibilites - Homeowner

Please see attached comments on the proposed BC Housing Down Payment Assistance Program.

Thanks for the opportunity to review.

Glad to discuss.



Draft DAP
Framework .docx

Louise Michel
Director, Legal Services (Assisted Housing and Underwriting)
Legal Services Division
lmichel@cmhc-schl.gc.ca
Telephone: 613 748-2102
Facsimile: 613 748-4098
700 Montreal Road, C2-226, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Louise Michel
Directrice, Services juridiques (Aide au logement et souscription)
Division des services juridiques
lmichel@cmhc-schl.gc.ca
Téléphone : 613 748-2102
Télécopieur : 613 748-4098
700, Chemin Montreal, C2-226, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Louise Michel/NAT/CMHC-SCHL/CA@cmhc-schl,
Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@cmhc-schl
Date: 02/12/2016 01:45 PM
Subject: Fw: BC Housing Down Payment Assistance Program

Hi Louise,

We have been back and forth with BC over the last couple of days with respect to a program that they're creating for first time home buyers. So far everything has been verbal/emails so we've finally got some detail. Barbara-Ann is going to prepare a reply but I think there's a legal perspective that would be helpful, particularly given potential crown priority issues. Happy to discuss soon.

Chris

From: Caroline Sanfacon <csanfac@cmhc-schl.gc.ca>
Sent: Friday, December 2, 2016 12:03 PM
To: Chris Woodcock
Cc: Mike Nelson; Glen V Trevisani
Subject: BC Housing Down Payment Assistance Program

Good morning Chris,

see attached the latest draft of the program. Let me know if it sufficient for us to respond.

Caroline

Caroline Sanfacon
Regional Vice-President
Office of the Regional VP (British Columbia)
csanfac@cmhc-schl.gc.ca
Telephone: 604 737-4150
Facsimile:
1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfacon
Vice-présidente régionale
Bureau du vice-président régional, C.-B.
csanfac@cmhc-schl.gc.ca
Téléphone : 604 737-4150
Télécopieur :
1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



----- Forwarded by Caroline Sanfacon/BCY/CMHC-SCHL/CA on 02/12/2016 09:02 AM -----

From: Dan Maxwell <DanMaxwell@bchousing.org>
To: "csanfac@cmhc-schl.gc.ca" <csanfac@cmhc-schl.gc.ca>,
Date: 02/12/2016 08:03 AM
Subject: RE: Got your message

Caroline,

I am attaching the draft program framework for our Downpayment Assistance Program. I believe it answers all of the questions but let me know if I can provide any more clarity.

We were told yesterday that the public announcement is being pushed back to December 16. It is still our plan to begin accepting applications on January 16th.

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

From: Dan Maxwell
Sent: December-01-16 3:51 PM
To: 'csanfac@cmhc-schl.gc.ca'
Subject: Got your message

Thanks for your message Caroline.

We are just finalizing our program framework and I think that is the best document to send to you. I'll try to get that over tomorrow.

We expect an announcement on December 12th and the program to begin to accept applications on January 16th.

What is your advice about meeting the lenders? Do you think we could arrange one meeting with three or four of the largest banks? Or, would it be better to meet them individually?

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

(See attached file: Draft DAP Framework .docx)[attachment "Draft DAP Framework .docx" deleted by Louise Michel/NAT/CMHC-SCHL/CA]

From: Dan Maxwell
Sent: December-01-16 3:51 PM
To: 'csanfaco@cmhc-schl.gc.ca'
Subject: Got your message

Thanks for your message Caroline.

We are just finalizing our program framework and I think that is the best document to send to you. I'll try to get that over tomorrow.

We expect an announcement on December 12th and the program to begin to accept applications on January 16th.

What is your advice about meeting the lenders? Do you think we could arrange one meeting with three or four of the largest banks? Or, would it be better to meet them individually?

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756



Draft DAP
Framework .docx

Chris Woodcock

From: Caroline Sanfacon
Sent: December-01-16 11:17 AM
To: Chris Woodcock
Subject: Re: BC DownPayment Assistance Program

I will give you a call at about 5:15 then. I'm with clients until 5pm or so your time, will call you as soon as this is over.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Chris Woodcock
Sent: Thursday, December 1, 2016 8:13 AM
To: Caroline Sanfacon
Subject: Re: BC DownPayment Assistance Program

I'm blocked until about 5pm Ottawa, but anytime after that can be available.
Caroline Sanfacon---01/12/2016 10:08:15 AM---I have the Homeowner NFT until 1:30 your time, and a call at 1:40. How about 2pm PST? Caroline Sanfacon---30/11/2016 11:41:52 P

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl,
Date: 01/12/2016 10:08 AM
Subject: Re: BC DownPayment Assistance Program

I have SIF project mgt meeting. Would 3pm your time work for you?

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Chris Woodcock
Sent: Wednesday, November 30, 2016 8:47 PM
To: Caroline Sanfacon
Subject: Re: BC DownPayment Assistance Program

I have the Homeowner NFT until 1:30 your time, and a call at 1:40. How about 2pm PST?
Caroline Sanfacon---30/11/2016 11:41:52 PM---Hi Caroline,

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl,
Date: 30/11/2016 11:41 PM
Subject: Re: BC DownPayment Assistance Program

Are you available 1:30 your time tomorrow?

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Chris Woodcock
Sent: Wednesday, November 30, 2016 7:28 PM
To: Caroline Sanfacon
Cc: Glen V Trevisani
Subject: Re: Fw: BC DownPayment Assistance Program

s.18(a)
s.21(1)(b)

Hi Caroline,

I'm looking into next steps. Typically the province would send us something formal to share with legal and respond to, and

We are essentially underwriting in line with our standard policies. We could have a responsive indicating that the specific program is not outside policy and that we would ensure borrowers could afford their payments as usual.

Chris

Caroline Sanfacon---30/11/2016 08:55:42 PM---Hello, can we discuss next steps tomorrow? I think it would be appropriate that we articulate the co

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Glen V Trevisani/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Date: 30/11/2016 08:55 PM
Subject: Fw: BC DownPayment Assistance Program

Hello, can we discuss next steps tomorrow? I think it would be appropriate that we articulate the conditions we discussed for this to work in writing so the Province is clear.

We may also want to consider an advice to lenders or some kind of official clarification for lenders once the Province announces which is on Dec12th- I would like to get your views on this idea.

Once we have confirmed our support, the Province asked that we assist with connecting them with lenders, I can work with Nathalie and Hemesh on that front.

Caroline

Caroline Sanfacon
Regional Vice-President
Office of the Regional VP (British Columbia)
csanfac@cmhc-schl.gc.ca
Telephone: 604 737-4150
Facsimile:
1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3
[Canada Mortgage and Housing Corporation \(CMHC\)](http://Canada Mortgage and Housing Corporation (CMHC))
www.cmhc.ca

Caroline Sanfacon
Vice-présidente régionale
Bureau du vice-président régional, C.-B.
csanfac@cmhc-schl.gc.ca
Téléphone : 604 737-4150
Télécopieur :
1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3
[Société canadienne d'hypothèques et de logement \(SCHL\)](http://Société canadienne d'hypothèques et de logement (SCHL))
www.schl.ca



Chris Woodcock

From: Barbara Ann Touzel
Sent: December-01-16 9:44 AM
To: Chris Woodcock
Cc: Mike Nelson
Subject: Re: BC DownPayment Assistance Program

I agree, low key seems more in line. If we get more details on program, we can work with Doreen to have some messaging to address it, and provide that to staff and KAMS only once announced. What do you think Chris?.

Barbara-Ann Touzel
Acting Manager, Homeowner Policy
Office of the VP, Insurance Operations
btouzel@cmhc-schl.gc.ca
Telephone: 613 748-4813
Facsimile: 613 748-2783
700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Everything you need to open new doors.

Barbara-Ann Touzel
Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)
Bureau du vice-président, Activités d'assurance
btouzel@cmhc-schl.gc.ca
Téléphone : 613 748-4813
Télécopieur : 613 748-2783
700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

La clé qui ouvre de nouvelles portes.

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 30/11/2016 09:45 PM
Subject: Re: BC DownPayment Assistance Program

So we need a formal doc from them describing the aspects of the program that we can circulate and respond to, and a key contact for their legal. I think low key would be ideal here.

From: Mike Nelson/BCY/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl, Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@cmhc-schl,
Date: 30/11/2016 09:38 PM
Subject: Re: BC DownPayment Assistance Program

My thoughts - I would say yes a product tracker. Most affordable is managed via a letter to lenders through the proponent. Given the significance of the issue and the degree of questioning generated, :

Caroline mentions an explicit response is required to the Province - as I mentioned, legal needs to be involved on the security item.

CMHC / SCHL
mnelson@cmhc.ca
604-209-6835

Chris Woodcock

From: Caroline Sanfacon
Sent: November-30-16 8:19 PM
To: Chris Woodcock; Glen Trevisani
Subject: Fw: Down Payment

for greater clarity

Caroline Sanfacon
Regional Vice-President
Office of the Regional VP (British Columbia)
csanfaco@cmhc-schl.gc.ca
Telephone: 604 737-4150
Facsimile:
1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfacon
Vice-présidente régionale
Bureau du vice-président régional, C.-B.
csanfaco@cmhc-schl.gc.ca
Téléphone : 604 737-4150
Télécopieur :
1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



----- Forwarded by Caroline Sanfacon/BCY/CMHC-SCHL/CA on 30/11/2016 05:18 PM -----

From: Dan Maxwell <DanMaxwell@bchousing.org>
To: "csanfaco@cmhc-schl.gc.ca" <csanfaco@cmhc-schl.gc.ca>,
Date: 30/11/2016 03:20 PM
Subject: RE: Down Payment

first 5 years at 0%

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

From: csanfaco@cmhc-schl.gc.ca [mailto:csanfaco@cmhc-schl.gc.ca]
Sent: November-30-16 3:18 PM
To: Dan Maxwell
Subject: Down Payment

Hi Dan,

can you clarify for me whether the first 5 yrs are at 0% or if there is capitalised interest which is added to the loan and payable on year 6?

thank you

Caroline

Caroline Sanfacon

Regional Vice-President
Office of the Regional VP (British Columbia)

csanfaco@cmhc-schl.gc.ca

Telephone: 604 737-4150

Facsimile:

1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

Caroline Sanfacon

Vice-présidente régionale
Bureau du vice-président régional, C.-B.

csanfaco@cmhc-schl.gc.ca

Téléphone : 604 737-4150

Télécopieur :

1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3

Société canadienne d'hypothèques et de logement (SCHL)

www.schl.ca



NOTICE: This email message, including any attachments, is confidential, subject to copyright and may be privileged. Any unauthorized use or disclosure is prohibited.

AVIS: Le présent message, incluant toute pièce jointe, est confidentiel, protégé par des droits d'auteur et peut contenir des renseignements privilégiés. L'utilisation ou la communication non autorisée de ces renseignements est interdite.

Chris Woodcock

From: Caroline Sanfacon
Sent: November-30-16 6:13 PM
To: Chris Woodcock
Cc: Glen Trevisani
Subject: Re: BC DownPayment Assistance Program

Hi Chris, it is a good question, which I will check with BCHMC ie when they say no interest does it mean 0% or capitalised and payable over the remainder of the loan (20 yrs). I will check and get back to you.
Caroline

Caroline Sanfacon
Regional Vice-President
Office of the Regional VP (British Columbia)
csanfaco@cmhc-schl.gc.ca
Telephone: 604 737-4150
Facsimile:
1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfacon
Vice-présidente régionale
Bureau du vice-président régional, C.-B.
csanfaco@cmhc-schl.gc.ca
Téléphone : 604 737-4150
Télécopieur :
1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Glen V Trevisani/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 30/11/2016 02:50 PM
Subject: Re: BC DownPayment Assistance Program

Its because the first five years interest would get rolled into year six. If that's not the case (i.e. if there's no interest charged against the first five years) then we would qualify on 20.

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl,
Cc: Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl
Date: 30/11/2016 05:33 PM
Subject: Re: BC DownPayment Assistance Program

Any reason why we would qualify over 25 yrs when they are actually paying over 20yrs? Also, Mike mentioned before there was a grey zone if total dp was 90 percent? What is going to be our position for premiums?

I didn't see any issue either except perhaps the idea that we support a dp assistance program

Glad you were able to have a look quickly, just left the event which was a success

C

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Chris Woodcock

Sent: Wednesday, November 30, 2016 2:19 PM

To: Evan W Siddall

Cc: Caroline Sanfacon; Glen V Trevisani; smennill@cmhc-schl.gc.ca; Kevin Wright; Romy Bowers

Subject: Re: BC DownPayment Assistance Program

Evan,

A few notes on BC's latest. The short version is that this is something we can work with.

- When qualifying the debt service ratios, we would qualify the first and second together at a 25 year am at the higher of contract or Bank of Canada rate. If BC's rate is higher we would use that rate. The 10 year fixed bank rate today is around 5.79%.

- If BC is matching "up to 5%" down payments, then the non-traditional premium surcharge would apply in cases where the borrower doesn't have the full minimum down payment. If the borrower has the minimum down payment that won't apply. Minimum down payments are 10% on the portion of a purchase that is beyond \$500,000.

- As is usually the case for government programs, we will need some consultation between our legal departments to work out the details (to ensure there's no priority issue). This isn't a roadblock, just details.

- For background: this is just a back of napkin calculation, but the max loan would be \$37,500 for a \$750,000 purchase. With no payments for five years, the loan grows to \$47,000, but the payments grow by \$100 to about \$300 in year six, compared to the roughly \$200/month payment if the borrower made payments over the full 25 years. In exchange the borrower gets a \$200 payment break for five years (at the upper end of this program).

Evan W Siddall---30/11/2016 02:28:16 PM---Hi Evan,

From: Evan W Siddall/NAT/CMHC-SCHL/CA

To: Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl,

Cc: Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl

Date: 30/11/2016 02:28 PM

Subject: Re: BC DownPayment Assistance Program

Thx

Evan

From: Caroline Sanfacon
Sent: Wednesday, November 30, 2016 11:24 AM
To: Evan W Siddall
Cc: Glen V Trevisani; Chris Woodcock
Subject: BC DownPayment Assistance Program

Hi Evan,

Hope your interview went well

I just got off the phone with BCHMC. They are making some adjustments to their program of down payment assistance for first time home buyers and still want to proceed: this time with a loan of 25 years. I have shared further details with Glen and Chris so we can discuss and provide a recommendation.

At this time, just a heads up as Dan (COO) told me Shayne will want to discuss it further with you today.

See you in a few minutes

Caroline

Caroline Sanfacon
Regional Vice-President
Office of the Regional VP (British Columbia)
csanfaco@cmhc-schl.gc.ca
Telephone: 604 737-4150
Facsimile:
1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfacon
Vice-présidente régionale
Bureau du vice-président régional, C.-B.
csanfaco@cmhc-schl.gc.ca
Téléphone : 604 737-4150
Télécopieur :
1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



Chris Woodcock

From: Caroline Sanfacon
Sent: November-30-16 6:10 PM
To: Chris Woodcock
Subject: Re: BC DownPayment Assistance Program

Ok, it thought there was something different on the premium when the LTV is. 90.0%

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Chris Woodcock
Sent: Wednesday, November 30, 2016 3:08 PM
To: Caroline Sanfacon
Cc: Glen V Trevisani
Subject: Re: BC DownPayment Assistance Program

I neglected to answer your question on down payments. I think the second bullet below addresses it. We wouldn't do anything special at 90, it would come down to whether the borrower met the minimum or not.

From: Caroline Sanfacon
Sent: Wednesday, November 30, 2016 5:33 PM
To: Chris Woodcock
Cc: Glen V Trevisani
Subject: Re: BC DownPayment Assistance Program

Any reason why we would qualify over 25 yrs when they are actually paying over 20yrs? Also, Mike mentioned before there was a grey zone if total dp was 90 percent? What is going to be our position for premiums?

I didn't see any issue either except perhaps the idea that we support a dp assistance program

Glad you were able to have a look quickly, just left the event which was a success

C

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Chris Woodcock
Sent: Wednesday, November 30, 2016 2:19 PM
To: Evan W Siddall
Cc: Caroline Sanfacon; Glen V Trevisani; smennill@cmhc-schl.gc.ca; Kevin Wright; Romy Bowers
Subject: Re: BC DownPayment Assistance Program

Evan,

A few notes on BC's latest. The short version is that this is something we can work with.

- When qualifying the debt service ratios, we would qualify the first and second together at a 25 year am at the higher of contract or Bank of Canada rate. If BC's rate is higher we would use that rate. The 10 year fixed bank rate today is around 5.79%.

- If BC is matching "up to 5%" down payments, then the non-traditional premium surcharge would apply in cases where

the borrower doesn't have the full minimum down payment. If the borrower has the minimum down payment that won't apply. Minimum down payments are 10% on the portion of a purchase that is beyond \$500,000.

As is usually the case for government programs, we will need some consultation between our legal departments to work out the details (to ensure there's no priority issue). This isn't a roadblock, just details.

- For background: this is just a back of napkin calculation, but the max loan would be \$37,500 for a \$750,000 purchase. With no payments for five years, the loan grows to \$47,000, but the payments grow by \$100 to about \$300 in year six, compared to the roughly \$200/month payment if the borrower made payments over the full 25 years. In exchange the borrower gets a \$200 payment break for five years (at the upper end of this program).

Evan W Siddall---30/11/2016 02:28:16 PM---Hi Evan,

From: Evan W Siddall/NAT/CMHC-SCHL/CA
 To: Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl,
 Cc: Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl
 Date: 30/11/2016 02:28 PM
 Subject: Re: BC DownPayment Assistance Program

Thx

Evan

From: Caroline Sanfacon
Sent: Wednesday, November 30, 2016 11:24 AM
To: Evan W Siddall
Cc: Glen V Trevisani; Chris Woodcock
Subject: BC DownPayment Assistance Program

Hi Evan,

Hope your interview went well

I just got off the phone with BCHMC. They are making some adjustments to their program of down payment assistance for first time home buyers and still want to proceed: this time with a loan of 25 years. I have shared further details with Glen and Chris so we can discuss and provide a recommendation.

At this time, just a heads up as Dan (COO) told me Shayne will want to discuss it further with you today.

See you in a few minutes

Caroline

Caroline Sanfacon
 Regional Vice-President
 Office of the Regional VP (British Columbia)
csanfac@cmhc-schl.gc.ca
 Telephone: 604 737-4150
 Facsimile:
 1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3
 Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfacon
 Vice-présidente régionale
 Bureau du vice-président régional, C.-B.
csanfac@cmhc-schl.gc.ca
 Téléphone : 604 737-4150
 Télécopieur :
 1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3
 Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------

<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------



Chris Woodcock

From: Caroline Sanfacon
Sent: November-30-16 5:37 PM
To: Chris Woodcock
Subject: Re: BC Downpayment Assistance

If the borrower has 2.5, the province lend 2.5

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Chris Woodcock
Sent: Wednesday, November 30, 2016 1:21 PM
To: Caroline Sanfacon
Cc: Glen V Trevisani; Mike Nelson
Subject: Re: BC Downpayment Assistance

Caroline, does the borrower have to have 5% to get a matching 5, or is it "up to 5%" meaning that the province would provide part of the minimum?

Caroline Sanfacon---30/11/2016 02:19:54 PM---Hi Chris and Glen I just got off the phone with BC Housing. They went back to Cabinet and the Premi

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
 To: Glen V Trevisani/NAT/CMHC-SCHL/CA@CMHC-SCHL, Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,
 Cc: Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL
 Date: 30/11/2016 02:19 PM
 Subject: BC Downpayment Assistance

Hi Chris and Glen

I just got off the phone with BC Housing.

They made some adjustments to the program and would like the opportunity to discuss with you both.

Borrowers: First time home buyers, BC residents 3 yrs, Canadian tax payers 2 yrs

Offer: matching the borrower downpayment up to 5% (BC Gov contribution)

Loan: The BC Government is now willing to commit to a 25 yr loan (2nd mortgage) with an initial term of 10 yrs (5 year no P+i, 5 year P+i). Interest at the same rate than 1st mortgage. After 10 yr, there is a commitment that 2nd mortgage will be at similar rate than 1st mortgage (5 yr at the time). Essentially the loan will be amortized over 20 yrs If the borrower no longer lives in the residence, sell it or refinance it, the 2nd mortgage will be payable.

Qualification: as per DoF guidelines around the stress testing, also ok with CMHC's position that the future payment (yr 6) be considered in the debt servicing ratio

Premier wants to announce on December 12th.

Beside the different views on Policy tools to stabilize the market, is there is any other 'underwriting' concerns? Can we have a chat today about this today as our next steps (later this pm would work as I need to head out to Evan's speech at the Board of Trade)

I will give a heads up to Evan as he is seeing the CEO of BCHMC for lunch and dinner today.

Caroline

Caroline Sanfacon
Regional Vice-President
Office of the Regional VP (British Columbia)
csanfac@cmhc-schl.gc.ca
Telephone: 604 737-4150
Facsimile:
1111 West Georgia, Suite 2000, 20-426-, Vancouver, BC, V6E 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Caroline Sanfacon
Vice-présidente régionale
Bureau du vice-président régional, C.-B.
csanfac@cmhc-schl.gc.ca
Téléphone : 604 737-4150
Télécopieur :
1111 Chemin Georgia O, Porte 2000, 20-426-, Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



Chris Woodcock

From: Evan W Siddall
Sent: November-29-16 2:56 PM
To: Steven Mennill; Glen Trevisani; Chris Woodcock
Subject: Fw: British Columbia's first time home buyers assistance program

Fyi

Evan

From: Evan W Siddall <esiddall@cmhc-schl.gc.ca>
Sent: Tuesday, November 29, 2016 12:34 PM
To: Shayne Ramsay
Subject: Re: British Columbia's first time home buyers assistance program

Shayne,

As we have discussed, CMHC operates its mortgage insurance businesses within parameters specified by the Minister of Finance. Further, we employ risk management discipline to ensure we are engage in prudent underwriting. We are subject to annual reviews by OSFI and conform to their Guideline B-21 concerning "Residential Mortgage Insurance Underwriting Practices and Procedures." Consistent application of our risk management practices is necessary for us to protect taxpayers from undue losses via CMHC. There are some design issues with British Columbia's proposed program that would amplify this risk compared to a typical high ratio mortgage.

The refinancing prohibition is a rule, not merely CMHC policy. With our support, the Minister promulgated this restriction. The logic is that people should be incented to increase mortgage equity above 20%, not be able to refinance with government support. And in fact the refi business was very risky territory.

We do impose a premium surcharge where down payments are borrowed or taken from "non-traditional" sources. This additional premium covers the higher risk of default that is associated with reduced borrower stake in the property.

The interest rate calculation that you mentioned is known as the mortgage rate stress test. This also was promulgated by the Minister and involves including the higher of the contract interest rate or the Bank of Canada benchmark rate when calculating debt service ratios. Since October it is now applied across the industry when qualifying all high ratio mortgages and is not linked to the borrowed down payment issue. It already applied to mortgages under five years' duration; it now applies to all.

The proposed repayment arrangements would create additional risk for us. A five year period with no payments, followed by a fixed repayment creates potential repayment shock for borrowers. To make sure borrowers could afford the repayment, we would qualify them using the highest potential monthly payment in this arrangement by implying interest and fully amortizing the principal amount.

We are obliged to ensure we aren't insuring excessively risky mortgages/borrowers. Given our published concerns about house price values in Vancouver, BC would not be at the front of the line as a candidate for an exception. Regardless, I don't see us granting regional exceptions. Since other

provinces will insist on equal treatment, that's tantamount to changing our policies and practices nationally.

I have written elsewhere, through speeches and an OpEd article, about vulnerabilities in Canadian housing markets, notably including Vancouver's. You will hear more from me on Wednesday in Vancouver where I will reiterate our concern that more demand only pushes prices higher given the weak and lagging supply response in housing markets.

I would therefore urge you to reconsider policies that lure the most vulnerable Canadians into increasing their exposure to the Vancouver housing market. I am by no means a lone voice. I believe the Superintendent of Financial Institutions signaled similar concerns in a speech today in Vancouver. The Bank of Canada is already on record, calling housing vulnerabilities their top domestic concern, and the OECD re-joined the chorus yesterday.

That said, there are other ways to provide equity support for first time home buyers without burdening us with increased risk. As discussed previously, this could be done as a non-repayable grant (the effect of Ontario's tax exemption), or via a secondary loan that is activated only if the property is sold. These options would help mitigate the increased risk to us of down payment assistance and would be less impactful for the borrower being qualified.

I hope this helps explain our perspective.

Evan

Evan W Siddall
President & Chief Executive Officer
President's Office
esiddall@cmhc-schl.gc.ca
Telephone: 613 748-2904
Facsimile: 613 748-4574

Evan W Siddall
Président et premier dirigeant
Bureau du président
esiddall@cmhc-schl.gc.ca
Téléphone : 613 748-2904
Télécopieur : 613 748-4574

[Canada Mortgage and Housing Corporation \(CMHC\)](http://www.cmhc.ca)
www.cmhc.ca

[Société canadienne d'hypothèques et de logement \(SCHL\)](http://www.schl.ca)
www.schl.ca

From: Shayne Ramsay
Sent: Wednesday, November 23, 2016 7:29 PM
To: 'esiddall@cmhc-schl.gc.ca'
Subject: British Columbia's first time home buyers assistance program

Evan...as we have discussed, the Province of British Columbia plans to introduce a program to make housing more affordable for first time home buyers. This program will assist first time home buyers increase the amount of money they can put towards a down payment when they buy a home. We are aware that CMHC charges home buyers higher mortgage loan insurance premiums when they use non-traditional down payments. Similarly, we understand CMHC imputes an interest rate on non-traditional down payments in

calculating the debt service ratio for the home buyer. We are asking CMHC to treat assistance under our down payment assistance program as it treats traditional down payments and not charge higher than normal premiums and to not impute an interest rate on that assistance when calculating the debt service ratio. Furthermore, we understand that changes to be introduced at the end of November will not permit re-financing of CMHC insured mortgages at renewal. Our program was premised on the assumption that the no interest no payment second mortgage assistance provided by BC could be rolled into the first insured mortgage at renewal typically after the 5th year. We would ask that CMHC make an exception for the BC down payment assistance program and permit these refinancings.

Happy to chat further about this.

Regards,

Shayne

Chris Woodcock

From: Chris Woodcock
Sent: November-29-16 6:03 AM
To: Evan W Siddall
Subject: Re: Comments on draft reply to BC?

This is basically a line of credit secured against the property. The fact that it doesn't mature reduces the overall payment. BC may not be as enthusiastic about this since they are counting on refinance in five years to get the loans off their books, but it may be better than a forgivable or grant from a costing perspective.

From: Evan W Siddall
Sent: Tuesday, November 29, 2016 3:30 AM
To: Chris Woodcock
Subject: Re: Comments on draft reply to BC?

Thanks. What do we mean by a secondary non-amortizing loan? What happens at maturity? Or is this like a HELOC?

Evan

From: Chris Woodcock
Sent: Monday, November 28, 2016 11:28 PM
To: Evan W Siddall
Cc: Glen V Trevisani; Kevin Wright; Romy Bowers; Steven C Mennill
Subject: Re: Comments on draft reply to BC?

Evan,

Some suggestions below. It becomes a longer reply but addresses some points head on. We can flesh out the options below for BC Housing staff if they want to pursue.

Chris

Shayne,

As we have discussed, CMHC operates its mortgage insurance businesses within parameters specified by the Minister of Finance. Further, we employ risk management discipline to ensure we are engage in prudent underwriting. We are subject to annual reviews by OSFI and conform to their Guideline B-21 concerning "Residential Mortgage Insurance Underwriting Practices and Procedures." Consistent application of our risk management practices is necessary for us to protect taxpayers from undue losses via CMHC. There are some design issues with British Columbia's proposed program that would amplify this risk compared to a typical high ratio mortgage.

The refinancing prohibition applies is not CMHC policy. With our support, the Minister promulgated this restriction. The logic is that people should be incented to increase mortgage equity above 20%, not be able to refinance with government support. And in fact the refi business was very risky territory.

We do impose a premium surcharge where down payments are borrowed or from "non-traditional" sources. This additional premium covers the higher risk of default that is associated with reduced borrower stake in the property.

The interest rate calculation that you mentioned is known as the mortgage rate stress test. The test involves including the higher of the contract interest rate or the Bank of Canada benchmark rate when calculating debt service ratios. Since October it is now applied across the industry when qualifying all high ratio mortgages and is not linked to the borrowed down payment issue.

The proposed repayment arrangements would create risk for us. A five year period with no payments, followed by a fixed repayment creates risk of payment shock for borrowers. To make sure borrowers could afford this scenario we would qualify using the highest potential monthly payment in this arrangement.

to make sure we aren't insuring excessively risky mortgages/borrowers. Given our published concerns about house price values in Vancouver, BC would not be at the front of the line as a candidate for an exception. Regardless, I don't see us granting regional exceptions. Since other provinces will insist on equal treatment, that's tantamount to changing our policies and practices nationally.

I have written elsewhere, through speeches and an OpEd article, about vulnerabilities in Canadian housing markets, notably including Vancouver's. You will hear more from me on Wednesday in Vancouver where I will reiterate our concern that more demand only pushes prices higher given the weak and lagging supply response in housing markets.

I would therefore urge you to reconsider policies that lure the most vulnerable Canadians into increasing their exposure to the Vancouver housing market. I am by no means a lone voice. I believe the Superintendent of Financial Institutions signaled similar concerns in a speech today in Vancouver. The Bank of Canada is already on record, calling housing vulnerabilities their top domestic concern, and the OECD re-joined the chorus today.

That said,

As discussed previously, this could be done as a non-repayable grant, with a secondary loan that is activated only if the property is sold.

these options would help mitigate the increased risk of down payment assistance and would be less impactful for the borrower being qualified.

I hope this helps explain our perspective.

Evan

Evan W Siddall---28/11/2016 10:19:01 PM---Evan...as we have discussed, the Province of British Columbia plans to introduce a program to make housing more affordable for

From: Evan W Siddall/NAT/CMHC-SCHL/CA
 To: Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl, Romy Bowers/NAT/CMHC-SCHL/CA@cmhc-schl, Kevin Wright/NAT/CMHC-SCHL/CA@cmhc-schl, Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl,
 Date: 28/11/2016 10:19 PM
 Subject: Comments on draft reply to BC?

Shayne,

As we have discussed, CMHC operates its mortgage insurance businesses within parameters specified by the Minister of Finance. Further, we employ risk management discipline to ensure we are engaged in prudent underwriting. We are subject to annual reviews by OSFI and conform to their Guideline B-21 concerning "Residential Mortgage Insurance Underwriting Practices and Procedures." Consistent application of our risk management practices is necessary for us to protect taxpayers from undue losses via CMHC.

The refinancing prohibition is not CMHC policy. With our support, the Minister promulgated this restriction. The logic is that people should be incentivized to increase mortgage equity above 20%, not be able to refinance with government support. And in fact the refi business was very risky territory.

to make
sure we aren't insuring excessively risky mortgages/borrowers. Given our published concerns about house price values in Vancouver, BC would not be at the front of the line as a candidate for an exception. Regardless, I don't see us granting regional exceptions. Since other provinces will insist on equal treatment, that's tantamount to changing our policies and practices nationally.

I have written elsewhere, through speeches and an OpEd article, about vulnerabilities in Canadian housing markets, notably including Vancouver's. You will hear more from me on Wednesday in Vancouver where I will reiterate our concern that more demand only pushes prices higher given the weak and lagging supply response in housing markets.

I would therefore urge you to reconsider policies that lure the most vulnerable Canadians into increasing their exposure to the Vancouver housing market. I am by no means a lone voice. I believe the Superintendent of Financial Institutions signaled similar concerns in a speech today in Vancouver. The Bank of Canada is already on record, calling housing vulnerabilities their top domestic concern, and the OECD re-joined the chorus today.

That said,

I hope this helps explain our perspective.

Evan

From: Shayne Ramsay
Sent: Wednesday, November 23, 2016 7:29 PM
To: 'esiddall@cmhc-schl.gc.ca'
Subject: British Columbia's first time home buyers assistance program

Evan...as we have discussed, the Province of British Columbia plans to introduce a program to make housing more affordable for first time home buyers. This program will assist first time home buyers increase the amount of money they can put towards a down payment when they buy a home. We are aware that CMHC charges

home buyers higher mortgage loan insurance premiums when they use non-traditional down payments. Similarly, we understand CMHC imputes an interest rate on non-traditional down payments in calculating the debt service ratio for the home buyer. We are asking CMHC to treat assistance under our down payment assistance program as it treats traditional down payments and not charge higher than normal premiums and to not impute an interest rate on that assistance when calculating the debt service ratio. Furthermore, we understand that changes to be introduced at the end of November will not permit re-financing of CMHC insured mortgages at renewal. Our program was premised on the assumption that the no interest no payment second mortgage assistance provided by BC could be rolled into the first insured mortgage at renewal typically after the 5th year. We would ask that CMHC make an exception for the BC down payment assistance program and permit these refinancings.

Happy to chat further about this.

Regards,

Shayne

Chris Woodcock

From: Evan W Siddall
Sent: November-28-16 10:19 PM
To: Steven Mennill; Romy Bowers; Kevin Wright; Chris Woodcock; Glen Trevisani
Subject: Comments on draft reply to BC?

Shayne,

As we have discussed, CMHC operates its mortgage insurance businesses within parameters specified by the Minister of Finance. Further, we employ risk management discipline to ensure we are engaged in prudent underwriting. We are subject to annual reviews by OSFI and conform to their Guideline B-21 concerning "Residential Mortgage Insurance Underwriting Practices and Procedures." Consistent application of our risk management practices is necessary for us to protect taxpayers from undue losses via CMHC.

The refinancing prohibition is not CMHC policy. With our support, the Minister promulgated this restriction. The logic is that people should be incentivized to increase mortgage equity above 20%, not be able to refinance with government support. And in fact the refi business was very risky territory.

to make
sure we aren't insuring excessively risky mortgages/borrowers. Given our published concerns about house price values in Vancouver, BC would not be at the front of the line as a candidate for an exception. Regardless, I don't see us granting regional exceptions. Since other provinces will insist on equal treatment, that's tantamount to changing our policies and practices nationally.

I have written elsewhere, through speeches and an OpEd article, about vulnerabilities in Canadian housing markets, notably including Vancouver's. You will hear more from me on Wednesday in Vancouver where I will reiterate our concern that more demand only pushes prices higher given the weak and lagging supply response in housing markets.

I would therefore urge you to reconsider policies that lure the most vulnerable Canadians into increasing their exposure to the Vancouver housing market. I am by no means a lone voice. I believe the Superintendent of Financial Institutions signaled similar concerns in a speech today in Vancouver. The Bank of Canada is already on record, calling housing vulnerabilities their top domestic concern, and the OECD re-joined the chorus today.

That said,

I hope this helps explain our perspective.

Evan

From: Shayne Ramsay
Sent: Wednesday, November 23, 2016 7:29 PM
To: 'esiddall@cmhc-schl.gc.ca'
Subject: British Columbia's first time home buyers assistance program

Evan...as we have discussed, the Province of British Columbia plans to introduce a program to make housing more affordable for first time home buyers. This program will assist first time home buyers increase the amount of money they can put towards a down payment when they buy a home. We are aware that CMHC charges home buyers higher mortgage loan insurance premiums when they use non-traditional down payments. Similarly, we understand CMHC imputes an interest rate on non-traditional down payments in calculating the debt service ratio for the home buyer. We are asking CMHC to treat assistance under our down payment assistance program as it treats traditional down payments and not charge higher than normal premiums and to not impute an interest rate on that assistance when calculating the debt service ratio. Furthermore, we understand that changes to be introduced at the end of November will not permit re-financing of CMHC insured mortgages at renewal. Our program was premised on the assumption that the no interest no payment second mortgage assistance provided by BC could be rolled into the first insured mortgage at renewal typically after the 5th year. We would ask that CMHC make an exception for the BC down payment assistance program and permit these refinancings.

Happy to chat further about this.

Regards,

Shayne

Chris Woodcock

From: Evan W Siddall
Sent: November-28-16 9:52 PM
To: Chris Woodcock; Steven Mennill
Cc: Glen Trevisani; Kevin Wright
Subject: Re: British Columbia's first time home buyers assistance program

Did anyone have more to add for BC, both in terms of our unwillingness to concede and anything that could work?
I should reply by tomorrow.

Evan

From: Chris Woodcock
Sent: Thursday, November 24, 2016 7:25 AM
To: Steven C Mennill; Evan W Siddall
Cc: Glen V Trevisani; Kevin Wright
Subject: Re: British Columbia's first time home buyers assistance program

We have not heard from BC since the call with the CFO on Monday. I

We have received a few questions on the program from Cynthia and her team within Finance and have worked with Eleanor to keep them up to date.

Below are some comments on the specific issues that we walked them through on Monday. At a high level, these are all risks for us that need to be mitigated. One way to do that is to make the loans forgivable.

Interest Rate:

We told BC that we would include the highest potential monthly payment against the second loan when calculating the ratios. In this case, we would assume the borrower would make no payments over the first P&I free five years, so we would divide the loan amount by the remaining 60 months and add it to the ratios for qualifying purposes.

I can draft a reply to Shane's message and circulate this morning if it's helpful.

Chris

From: Steven C Mennill
Sent: Wednesday, November 23, 2016 11:32 PM
To: Evan W Siddall; Chris Woodcock
Cc: Glen V Trevisani; Kevin Wright
Subject: Re: British Columbia's first time home buyers assistance program

BC should already be aware that we will impute rent on these kinds of programs. As you note we have this policy in order to manage risk (along with the higher premiums for non-traditional downpayments).

It should be relatively easy for us to say "no". They have not put forward a reason or an argument as to why we should waive our normal requirements. In the absence of a reason (that mitigates the risks created by the program) we should decline.

I have copied Chris as well. Chris: please provide a status update on this initiative.

Thanks

Steve Mennill
613-748-2772

From: Evan W Siddall
Sent: Wednesday, November 23, 2016 10:37 PM
To: Steven C Mennill
Cc: Glen V Trevisani; Kevin Wright
Subject: Fw: British Columbia's first time home buyers assistance program

Steve,

If you don't have time to answer this, I will turn to Glen, whom I've copied with Kevin.

See below. The answer is going to be no but I need to escalate this. Of course we won't waive fees.

On all of this, I think it would help to point to OSFI rules and our own risk management as sources of our inability to help. On top of that I would add the economic rationale and the fact that we can't do it for just one province so saying yes effectively undermines system integrity.

Evan

From: Shayne Ramsay <srmsay@bchousing.org>
Sent: Wednesday, November 23, 2016 7:29 PM
To: 'esiddall@cmhc-schl.gc.ca'
Subject: British Columbia's first time home buyers assistance program

Evan...as we have discussed, the Province of British Columbia plans to introduce a program to make housing more affordable for first time home buyers. This program will assist first time home buyers increase the amount of money they can put towards a down payment when they buy a home. We are aware that CMHC charges home buyers higher mortgage loan insurance premiums when they use non-traditional down payments. Similarly, we understand CMHC imputes an interest rate on non-traditional down payments in calculating the debt service ratio for the home buyer. We are asking CMHC to treat assistance under our down payment assistance program as it treats traditional down payments and not charge higher than normal premiums and to not impute an interest rate on that assistance when calculating the debt service ratio. Furthermore, we understand that changes to be introduced at the end of November will not permit re-financing of CMHC insured mortgages at renewal. Our program was premised on the assumption that the no interest no payment second mortgage assistance provided by BC could be rolled into the first insured mortgage at renewal typically after the 5th year. We would ask that CMHC make an exception for the BC down payment assistance program and permit these refinancings.

Happy to chat further about this.

Regards,

Shayne

Chris Woodcock

From: Evan W Siddall
Sent: November-24-16 7:29 AM
To: Chris Woodcock; Steven Mennill
Cc: Glen Trevisani; Kevin Wright
Subject: Re: British Columbia's first time home buyers assistance program

I am going to talk to Shayne
reply.

Let's connect after that as to the nature of the

Evan

From: Chris Woodcock
Sent: Thursday, November 24, 2016 7:25 AM
To: Steven C Mennill; Evan W Siddall
Cc: Glen V Trevisani; Kevin Wright
Subject: Re: British Columbia's first time home buyers assistance program

We have not heard from BC since the call with the CFO on Monday.

We have received a few questions on the program from Cynthia and her team within Finance and have worked with Eleanor to keep them up to date.

Below are some comments on the specific issues that we walked them through on Monday. At a high level, these are all risks for us that need to be mitigated. One way to do that is to make the loans forgivable.

Interest Rate:

We told BC that we would include the highest potential monthly payment against the second loan when calculating the ratios. In this case, we would assume the borrower would make no payments over the first P&I free five years, so we would divide the loan amount by the remaining 60 months and add it to the ratios for qualifying purposes.

I can draft a reply to Shane's message and circulate this morning if it's helpful.

Chris

From: Steven C Mennill
Sent: Wednesday, November 23, 2016 11:32 PM
To: Evan W Siddall; Chris Woodcock
Cc: Glen V Trevisani; Kevin Wright
Subject: Re: British Columbia's first time home buyers assistance program

BC should already be aware that we will impute rent on these kinds of programs. As you note we have this policy in order to manage risk (along with the higher premiums for non-traditional downpayments).

It should be relatively easy for us to say "no". They have not put forward a reason or an argument as to why we should waive our normal requirements. In the absence of a reason (that mitigates the risks created by the program) we should decline.

I have copied Chris as well. Chris: please provide a status update on this initiative.

Thanks

Steve Mennill
613-748-2772

From: Evan W Siddall
Sent: Wednesday, November 23, 2016 10:37 PM
To: Steven C Mennill
Cc: Glen V Trevisani; Kevin Wright
Subject: Fw: British Columbia's first time home buyers assistance program

Steve,

If you don't have time to answer this, I will turn to Glen, whom I've copied with Kevin.

See below. The answer is going to be no but I need to escalate this. Of course we won't waive fees.

On all of this, I think it would help to point to OSFI rules and our own risk management as sources of our inability to help. On top of that I would add the economic rationale and the fact that we can't do it for just one province so saying yes effectively undermines system integrity.

Evan

From: Shayne Ramsay <sramsay@bchousing.org>
Sent: Wednesday, November 23, 2016 7:29 PM
To: 'esiddall@cmhc-schl.gc.ca'
Subject: British Columbia's first time home buyers assistance program

Evan...as we have discussed, the Province of British Columbia plans to introduce a program to make housing more affordable for first time home buyers. This program will assist first time home buyers increase the amount of money they can put towards a down payment when they buy a home. We are aware that CMHC charges home buyers higher mortgage loan insurance premiums when they use non-traditional down payments. Similarly, we understand CMHC imputes an interest rate on non-traditional down payments in calculating the debt service ratio for the home buyer. We are asking CMHC to treat assistance under our down payment assistance program as it treats traditional down payments and not charge higher than normal premiums and to not impute an interest rate on that assistance when calculating the debt service ratio. Furthermore, we understand that changes to be introduced at the end of November will not permit re-financing of CMHC insured mortgages at renewal. Our program was premised on the assumption that the no interest no payment second mortgage assistance provided by BC could be rolled into the first insured mortgage at renewal typically after the 5th year. We would ask that CMHC make an exception for the BC down payment assistance program and permit these refinancings.

Happy to chat further about this.

Regards,

Shayne

BC Home Purchase Assistance Program Options table

* Please note the solutions in the table are simply suggestions for consideration and may not be the only options available and may need to be considered in combination to address identified risks.

Potential risks	Description																
<p><i>Risk of borrowed equity (Avoid the higher premium)</i></p>	<p>The higher premium associated with the risk of Non-traditional sources of equity is limited to loan-to-value loans 90.01 percent and 95%. Which means, where the borrower is not providing the minimum down payment of between 5% and 9.99% from traditional sources (e.g. savings), they will be charged the higher premium associated with non-traditional down payments of (3.85%). This higher rate applies regardless of any additional amount of equity that might come from non-traditional equity sources (e.g. borrowed).</p> <p>For ease of reference this is our premium schedule:</p> <table border="1" data-bbox="449 766 1098 1362"> <thead> <tr> <th data-bbox="449 766 842 860">Loan-to-Value</th> <th data-bbox="842 766 1098 860">Premium on Total Loan</th> </tr> </thead> <tbody> <tr> <td data-bbox="449 860 842 923">Up to and including 65%</td> <td data-bbox="842 860 1098 923">0.60%</td> </tr> <tr> <td data-bbox="449 923 842 986">Up to and including 75%</td> <td data-bbox="842 923 1098 986">0.75%</td> </tr> <tr> <td data-bbox="449 986 842 1049">Up to and including 80%</td> <td data-bbox="842 986 1098 1049">1.25%</td> </tr> <tr> <td data-bbox="449 1049 842 1111">Up to and including 85%</td> <td data-bbox="842 1049 1098 1111">1.80%</td> </tr> <tr> <td data-bbox="449 1111 842 1174">Up to and including 90%</td> <td data-bbox="842 1111 1098 1174">2.40%</td> </tr> <tr> <td data-bbox="449 1174 842 1237">Up to and including 95%</td> <td data-bbox="842 1174 1098 1237">3.60%</td> </tr> <tr> <td data-bbox="449 1237 842 1362">90.01% to 95% — Non-Traditional Down Payment**</td> <td data-bbox="842 1237 1098 1362">3.85%</td> </tr> </tbody> </table>	Loan-to-Value	Premium on Total Loan	Up to and including 65%	0.60%	Up to and including 75%	0.75%	Up to and including 80%	1.25%	Up to and including 85%	1.80%	Up to and including 90%	2.40%	Up to and including 95%	3.60%	90.01% to 95% — Non-Traditional Down Payment**	3.85%
Loan-to-Value	Premium on Total Loan																
Up to and including 65%	0.60%																
Up to and including 75%	0.75%																
Up to and including 80%	1.25%																
Up to and including 85%	1.80%																
Up to and including 90%	2.40%																
Up to and including 95%	3.60%																
90.01% to 95% — Non-Traditional Down Payment**	3.85%																

BC Home Purchase Assistance Program Options table

* Please note the solutions in the table are simply suggestions for consideration and may not be the only options available and may need to be considered in combination to address identified risks.

<p><i>Risk of borrowed equity (Avoid the higher premium)</i></p>	
<p><i>Risk of borrowed equity (reduce the monthly repayment burden)</i></p>	<p>In qualifying the borrower CMHC includes the repayment obligation of the secondary loan along with the insured first mortgage, to ensure the borrower will qualify to repay the entire debts.</p> <p>When the secondary loan is an amortizing loan as is the requirement for the Affordable Housing flexibilities, this means the amortizing loan repayment on the secondary loan must be included in the Gross Debt Service and Total Debt Service ratio. It requires principal and interest payments based on the agreed upon amortization period, qualifying interest rate, and the CMHC premium and any surcharges. As more principal is paid every month, the outstanding principal balance keeps reducing.</p>

BC Home Purchase Assistance Program Options table

s.21(1)(a)

s.21(1)(b)

* Please note the solutions in the table are simply suggestions for consideration and may not be the only options available and may need to be considered in combination to address identified risks.

<p><i>Priority position of the insured mortgage risk</i></p>	<p>By policy, CMHC requires lenders to obtain first ranking mortgage security, unless they are specifically insured as a second mortgage. Any government funding in secondary ranking can create the risk of a “crown priority” claim despite being uninsured. Per CMHC regulations, it cannot ever competing for priority with a secured loan that contains the equity component. Otherwise that would mean 100% insurance and outside the regulations. By requiring that there are conditions for discharge of the second in the event of default or foreclosure, we are ensuring that any registered interest will never take priority.</p> <p>Consequently there is a requirement for discharge of the second mortgage in the event of mortgage default/foreclosure which protects the equity of the property, and is an additional measure to ensure the first mortgage has priority on repayment.</p>
<p><i>Requirement for BC government to share the risk of default.</i></p>	<p>CMHC must indemnify lenders for the payments incurred as part of a claim settlement or make payments directly where the title for the period of time the title is in CMHC’s name.</p>

Chris Woodcock

From: Barbara Ann Touzel
Sent: November-25-16 9:47 AM
To: Chris Woodcock
Subject: BC options DRAFT

Note I did not see what was initially proposed by you and Mike to Caroline, nor the letter sent yesterday to management by BC.

So I could not draft a cover note to reply. Trusting for scenarios, this is what you were talking about yesterday.

I would really like Mike N to check it out, before it goes anywhere given his familiarity with the AH proposals already done and this BC request.



BC Home
Purchase Assista...

Barbara-Ann Touzel
Acting Manager, Homeowner Policy
Office of the VP, Insurance Operations
btouzel@cmhc-schl.gc.ca
Telephone: 613 748-4813
Facsimile: 613 748-2783
700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca
Everything you need to open new doors.

Barbara-Ann Touzel
Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)
Bureau du vice-président, Activités d'assurance
btouzel@cmhc-schl.gc.ca
Téléphone : 613 748-4813
Télécopieur : 613 748-2783
700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca
La clé qui ouvre de nouvelles portes.

Chris Woodcock

From: Chris Woodcock
Sent: November-18-16 5:51 PM
To: Glen Trevisani
Subject: Re: Meet next week

Ok

From: Glen V Trevisani
Sent: Friday, November 18, 2016 5:17 PM
To: Chris Woodcock; Caroline Sanfacon
Subject: Fw: Meet next week

FYI....

----- Forwarded by Glen V Trevisani/NAT/CMHC-SCHL/CA on 18/11/2016 05:16 PM -----

From: Steven C Mennill/NAT/CMHC-SCHL/CA
To: Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl,
Date: 18/11/2016 05:08 PM
Subject: Re: Meet next week

Ok thanks. Evan will probably want to be involved in this one.

Steve Mennill
613-748-2772

From: Glen V Trevisani
Sent: Friday, November 18, 2016 5:03 PM
To: Steven C Mennill
Subject: Fw: Meet next week

Steve,

FYI, BC is still looking at their affordability program They have made some adjustments, but are still proposing a repayable loan (now 5 years without interest and the 5 years amortized). Chris is going to participate with Caroline on a call with the province to hear them out. We will circle back with you (and possibly Evan?) with a proposed response before we get back to them.

Glen

----- Forwarded by Glen V Trevisani/NAT/CMHC-SCHL/CA on 18/11/2016 04:59 PM -----

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
To: Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl,
Cc: Mike Nelson/BCY/CMHC-SCHL/CA@cmhc-schl
Date: 17/11/2016 08:33 PM
Subject: Fw: Meet next week

Hello, FYI, things seem to evolve on this file...

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Dan Maxwell <DanMaxwell@bchousing.org>

Sent: Thursday, November 17, 2016 7:56 PM

To: 'csanfac@cmhc-schl.gc.ca'

Cc: mnelson@cmhc-schl.gc.ca; Erin Smandych

Subject: RE: Meet next week

Thanks. The schedule isn't clear about what happens when the buyer has part of their downpayment from traditional sources and part from non-traditional. If the buyer has 5% from traditional sources and another 5% from non-traditional sources, do they pay a 2.4% premium, a 3.6% premium or a 3.85% premium? (or perhaps some combination)?

There have been some changes in program design since we first spoke. We can walk through those with you when we get together. It is our expectation that the first mortgage would have priority and the second mortgage would have a 10 year term. The second would have no payments and no interest for five year and then would become interest bearing with P&I payments required. We think that under normal circumstances the second mortgage could be rolled into the first mortgage after five years without exceeding the 80% LTV requirement. We expect most homeowners would desire this option, however on-going P&I payments based on a 25 year amortization period would be an option.

I have copied my colleague, Erin Smandych, to see what her availability is like on Monday or Tuesday afternoon next week.

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

From: csanfac@cmhc-schl.gc.ca [<mailto:csanfac@cmhc-schl.gc.ca>]

Sent: November-17-16 4:32 PM

To: Dan Maxwell

Cc: mnelson@cmhc-schl.gc.ca

Subject: RE: Meet next week

Hi Dan, I have included some links that may be helpful to you and your team:

- Here is an overview of our current purchase program. It includes the premium schedule as well as a description, in general terms, of what is considered "Traditional" and "Non-traditional" down payment. As you can see, in addition to the premium, there are some differences in the qualification criteria.

https://www.cmhc-schl.gc.ca/en/hoficlincl/moloin/hopr/upload/CMHC_Purchase.pdf

- The following calculator will be of assistance to illustrate how the premium calculation works.

https://www.cmhc-schl.gc.ca/en/hoficlincl/moloin/hobuto/hobuto_002.cfm

I am wondering if you have further information (or if the details have changed since the last time we spoke) on the down payment assistance and how it is repaid? Note, CMHC would have concerns regarding a forced lump sum payment at the end of the term. This would be difficult to support and considered a risk for both the borrower and the lender / insurer. In this context, we would be concerned with the following risks: What if the value does not support a refinance at the end of the term
What if the borrower circumstances have changed and they do not qualify or cannot afford to repay the obligation? How would "repayment

shock" be managed? How is the obligation paid when there is a sale of the property during the term, what would be the implications if there is a deficiency?

Additionally, would you have further information on how or if the obligation will be secured and what would be the priority (keeping in mind that any secondary encumbrances should never have priority to the insured first mortgage, under any conditions)?

I would be pleased to discuss further with you any of this and I would like our Regional Manager Underwriting for Western Canada to join the conversation as well. Unfortunately, a meeting on Wednesday afternoon or Friday next week does not work for us. Would you be, by any chance, available next Monday or Tuesday afternoon?

Caroline

From: Dan Maxwell <DanMaxwell@bchousing.org>
To: "csanfac@cmhc-schl.gc.ca" <csanfac@cmhc-schl.gc.ca>,
Date: 17/11/2016 03:49 PM
Subject: RE: Meet next week

Friday late morning or afternoon would also work for us

Please let me know

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

From: Dan Maxwell
Sent: November-17-16 3:42 PM
To: 'csanfac@cmhc-schl.gc.ca'
Subject: Meet next week

Caroline,

Do you have time to get together next Wednesday afternoon? We would like to talk to you about our program to help first time home buyers with their downpayments.

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

NOTICE: This email message, including any attachments, is confidential, subject to copyright and may be privileged. Any unauthorized use or disclosure is prohibited.

AVIS: Le présent message, incluant toute pièce jointe, est confidentiel, protégé par des droits d'auteur et peut contenir des renseignements privilégiés. L'utilisation ou la communication non autorisée de ces renseignements est interdite.

Chris Woodcock

From: Chris Woodcock
Sent: November-16-16 6:24 AM
To: Mike Nelson
Cc: Glen Trevisani; Barbara Ann Touzel; Steven Mennill
Subject: Re: Fw: CMHC fees BC Housing

Hi Mike,

Thanks for flagging this. We can send BC the direct answer to their question, but should also mention that the borrower's debt service ratios would have to include any payments against any borrowed down payment assistance. Perhaps Caroline could ask whether they are looking at repayable loans? Glen may want to weigh in before you respond.

Chris

From: Mike Nelson/BCY/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Glen V Trevisani/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Date: 15/11/2016 05:37 PM
Subject: Fw: CMHC fees BC Housing

Hi Chris and Glen - please see below regarding an inquiry from BC Housing to Caroline. I believe it may be related to some past discussions that you mentioned. Before I respond, I would like to ensure it is consistent (with those discussions). Let me know if you would like to discuss. Thanks.

Mike Nelson

Regional Manager, Homeowner Underwriting (West)
Office of the VP, Insurance Operations
mnelson@cmhc.ca
Telephone: 604 737-4035
Facsimile: 604 714-3701
1111 West Georgia, Suite 2000, Vancouver, BC, V6E 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Mike Nelson

Gestionn. rég., Souscription log. p.-o. Ouest
Bureau du vice-président, Activités d'assurance
mnelson@cmhc.ca
Téléphone : 604 737-4035
Télécopieur : 604 714-3701
1111 Chemin Georgia O, Porte 2000, Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

----- Forwarded by Mike Nelson/BCY/CMHC-SCHL/CA on 15/11/2016 02:25 PM -----

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
To: Mike Nelson/BCY/CMHC-SCHL/CA@cmhc-schl,
Date: 15/11/2016 02:14 PM
Subject: Fw: CMHC fees

Hi Mike, can you help me preparing a response back to BC Housing pls?

Thank you.

Caroline

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Dan Maxwell <DanMaxwell@bchousing.org>

Sent: Tuesday, November 15, 2016 5:02 PM

To: 'csanfac@cmhc-schl.gc.ca'

Subject: CMHC fees

Caroline,

As we continue to develop a program to assist first time home buyers with their downpayment, we're wondering if you could help us understand how the CMHC fees would be calculated. I understand from our past conversations that downpayment assistance from us would be subject to a premium surcharge. Do you have a rate schedule that you could share with us or something else that provides details on the calculation?

And, perhaps could you show us an example or two on how the premium is calculated. For example, if a first time home buyer purchases a \$300,000 home with \$7,500 of their own and \$7,500 from us, how much would the CMHC insurance premium be on the \$285,000 loan? How would that change if the home buyer had \$15,000 of their own and \$15,000 from us and the loan was \$270,000?

Dan Maxwell, CPA, CA

Vice President of Corporate Services

and Chief Financial Officer

BC Housing

604 439 4756

Chris Woodcock

From: Steven Mennill
Sent: November-24-16 9:28 PM
To: Chris Woodcock
Cc: Glen Trevisani
Subject: Re: BC

Thanks for keeping us informed.

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: smennill@cmhc-schl.gc.ca, Glen Trevisani,
Date: 24/11/2016 05:37 PM
Subject: BC

Evan called me a few minutes ago. He spoke to Shane Ramsay. I'm going to put two or three constructive options in writing for his written reply to Shane for early next week.

Chris

Chris Woodcock

From: LeDrew, David (FIN) <david.ledrew@canada.ca>
Sent: November-24-16 1:56 PM
To: Chris Woodcock
Subject: RE: BC HPAP (confidential)

Perfect. Thanks

David LeDrew
613-369-3896

From: cwoodcoc@cmhc-schl.gc.ca [mailto:cwoodcoc@cmhc-schl.gc.ca]
Sent: November-24-16 1:53 PM
To: LeDrew, David (FIN)
Subject: RE: BC HPAP (confidential)

Sorry - A only. The matched down payments. I haven't been engaged on B

"LeDrew, David (FIN)" ---24/11/2016 01:21:12 PM---Chris – thanks for the quick reply. For “2. Exclusively on the first time homebuyers program.” – se

From: "LeDrew, David (FIN)" <david.ledrew@canada.ca>
To: "cwoodcoc@cmhc-schl.gc.ca" <cwoodcoc@cmhc-schl.gc.ca>,
Date: 24/11/2016 01:21 PM
Subject: RE: BC HPAP (confidential)

Chris – thanks for the quick reply.

For “2. Exclusively on the first time homebuyers program.” – seems like both HPAP and the Affordable homeownership plan are for first time buyers. Sorry to come back to you with the same question, but can you help me by picking the one we talked about:

A – HPAP: matching down payments

B – Affordable homeownership program: second mortgage for difference between market and sale price

David LeDrew
613-369-3896

From: cwoodcoc@cmhc-schl.gc.ca [mailto:cwoodcoc@cmhc-schl.gc.ca]
Sent: November-23-16 6:19 PM
To: LeDrew, David (FIN); ehughes@cmhc-schl.gc.ca

Cc: Bernard, Brendon (FIN); Leach, Cynthia (FIN)
Subject: Re: BC HPAP (confidential)

Thank you for the call. It's helping us get our policy language drafted in time for next week.

1. Yes. Sorry for the delay. We needed to fact check something.
2. Exclusively on the first time homebuyers program.

From: LeDrew, David (FIN)
Sent: Wednesday, November 23, 2016 5:59 PM
To: ehughes@cmhc-schl.gc.ca; cwoodcoc@cmhc-schl.gc.ca
Cc: Bernard, Brendon (FIN); Leach, Cynthia (FIN)
Subject: RE: BC HPAP (confidential)

Hi Eleanor, Chris,

Thanks for the call today. think we were able to get some common understanding (though I know we reserved a couple of take-aways).

For this HPAP thing, just wanted to confirm a couple things:

1. You were still going to send something written over for my q's from Nov 21 below;
2. Chris – Regarding our call yesterday about BC housing, the conversation you had with BC housing was pretty much all about HPAP, correct? (ie, not about the second program you describe below, the Affordable Homeownership Plan). Do I have that right?

Thanks

David LeDrew
613-369-3896

From: ehughes@cmhc-schl.gc.ca [<mailto:ehughes@cmhc-schl.gc.ca>]
Sent: November-22-16 9:49 AM
To: LeDrew, David (FIN)
Cc: Bernard, Brendon (FIN); Leach, Cynthia (FIN); Ram, Elisha (FIN); kwright@cmhc-schl.gc.ca; cwoodcoc@cmhc-schl.gc.ca
Subject: RE: BC HPAP (confidential)

Hi David,

It might be worthwhile to have a follow-up call to review your questions below, and also to discuss recent developments on the BC proposal (I believe Chris reached out to you earlier).

Do you have time after 3pm for a call with Chris and I? We could also likely do around noon.

Thanks,

Eleanor

Off. of SVP, Policy, Research & Public Affairs
ehughes@cmhc-schl.gc.ca
Telephone: 613 748-2942
Facsimile: 613 748-2433
700 Montreal Road, C2-352, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Bur. du PVP, Politiques, Rech. et Rel. publ.
ehughes@cmhc-schl.gc.ca
Téléphone : 613 748-2942
Télécopieur : 613 748-2433
700, Chemin Montreal, C2-352, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

s.21(1)(a)

s.21(1)(b)

"LeDrew, David (FIN)" ---21/11/2016 06:07:01 PM---Eleanor – thanks for this. Very helpful. I have a few of follow up questions. I'll try here but hap

From: "LeDrew, David (FIN)" <david.ledrew@canada.ca>
To: "ehughes@cmhc-schl.gc.ca" <ehughes@cmhc-schl.gc.ca>,
Cc: "Bernard, Brendon (FIN)" <brendon.bernard@canada.ca>, "Leach, Cynthia (FIN)" <cynthia.leach@canada.ca>, "Ram, Elisha (FIN)" <elisha.ram@canada.ca>, "kwright@cmhc-schl.gc.ca" <kwright@cmhc-schl.gc.ca>
Date: 21/11/2016 06:07 PM
Subject: RE: BC HPAP (confidential)

Eleanor – thanks for this. Very helpful.

I have a few of follow up questions. I'll try here but happy to do by a call if you prefer:

1. Re: "If the borrower were unable to repay the loan, BC would have to enforce its second mortgage rights and the sale proceeds would be applied to the insured mortgage first. "

Sorry for the elementary question, but does this mean that a second mortgage holder can initiate foreclosure, even when the first mortgage is not in default?

2. Re: "the use of non-traditional sources of equity is limited to loan-to-value ratios between 90.01 percent and 95 percent. "

I'm curious about this. Could someone comment as to why a lower LTV mortgage would not qualify for this insurance product, even at say the same premium?

Thanks again

David LeDrew
613-369-3896

From: ehughes@cmhc-schl.gc.ca [<mailto:ehughes@cmhc-schl.gc.ca>]
Sent: November-15-16 3:39 PM
To: LeDrew, David (FIN)
Cc: Bernard, Brendon (FIN); Leach, Cynthia (FIN); Ram, Elisha (FIN); kwright@cmhc-schl.gc.ca
Subject: RE: BC HPAP (confidential)

Hi David - apologies once again for the delay. Please find below responses to your questions, based on a high level understanding of the BC program. Our Insurance team is familiar with the program, however I believe discussions are ongoing with BC and final details are still being worked out.

Happy to arrange for a call if needed.

Thanks,

Eleanor

Eleanor Hughes
 Manager, Policy Operations
 Off. of the Sr. V.-P., Corp. Dev., Pol. & Res.
ehughes@cmhc-schl.gc.ca
 Telephone: 613 748-2942
 Facsimile: 613 748-2433
 700 Montreal Road, C2-352, Ottawa, ON, K1A 0P7
 Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca



October 4, 2016 Ottawa, ON
www.cmhc.ca/2016symposium

Eleanor Hughes
 Gestionnaire, Activités liées aux politiques
 Bur. du pvp, Dév. de la Soc., Pol. et Recherche
ehughes@cmhc-schl.gc.ca
 Téléphone : 613 748-2942
 Télécopieur : 613 748-2433
 700, Chemin Montreal, C2-352, Ottawa, ON, K1A 0P7
 Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



4 octobre 2016 Ottawa, ON
www.cmhc.ca/2016symposium

"LeDrew, David (FIN)" ---04/11/2016 04:30:21 PM---Thanks Kevin. Hi Eleanor –

From: "LeDrew, David (FIN)" <david.ledrew@canada.ca>
 To: "kwright@cmhc-schl.gc.ca" <kwright@cmhc-schl.gc.ca>, "ehughes@cmhc-schl.gc.ca" <ehughes@cmhc-schl.gc.ca>,
 Cc: "Leach, Cynthia (FIN)" <cynthia.leach@canada.ca>, "Ram, Elisha (FIN)" <elisha.ram@canada.ca>, "Bernard, Brendon (FIN)" <brendon.bernard@canada.ca>
 Date: 04/11/2016 04:30 PM
 Subject: RE: BC HPAP (confidential)

Thanks Kevin.

Hi Eleanor –

We have a few questions about the proposed BC Home Purchase Assistance Program we hoped we could run by you. Please see below; happy to chat about it next week. Thanks, and have a great weekend.

Just a point of clarification. The questions below correspond to the BC Home Purchase Assistance Program, which is essentially a borrowed downpayment program, and would fall under CMHC's "Non-Traditional Downpayment" policies, requiring higher credit score and a premium surcharge to be applied.

Questions

- Would a default on the second mortgage loan from BC affect the security of the insured first mortgage loan?

Broadly speaking, CMHC Insurance underwriting policies require that the first priority position of the insured loan be unaffected by a second ranking security securing the borrowed funds. If the borrower were unable to repay the loan, BC would have to enforce its second mortgage rights and the sale proceeds would be applied to the insured mortgage first.

- Given the no-payment-required-for-5-years nature of this loan, what does that mean for debt service ratio qualification? Would insurers/lenders allow this loan to be excluded from the calculations?

For the purpose of calculating debt service ratios, borrowed equity is considered a debt obligation (in this case the loan must be repaid at the end of 5 years) and therefore, at a minimum, the debt obligation should be amortized over 5 years and included in the Total Debt Service (TDS) ratio calculation. CMHC's normally restricted TDS ratio of 42 percent would apply.

- Are there any other consequences in terms of insurance eligibility of using a B.C. Government loan as part of the down payment? E.g. I see the premium is higher; anything else?
Yes, to mitigate risk of non-traditional down payments, both the higher premium and credit score requirement of 650 apply. Prospective borrowers using non-traditional sources of equity are limited to residential housing containing not more than two self-contained units. As well, the use of non-traditional sources of equity is limited to loan-to-value ratios between 90.01 percent and 95 percent.

- How would this program compare with other provincial/CMHC programs that help borrowers with down payments (e.g., Newfoundland program mentioned below or home-builder gift programs)?

CMHC accepts non-traditional sources of equity to satisfy minimum equity requirements, provided the source of the down payment is arm's length and not tied to the purchase or sale of the property, either directly or indirectly. Prohibited sources include builder incentives or loans; gifts from third parties who receive payment directly or indirectly from the vendor or builder; and realtor, real estate salesperson or mortgage broker incentives or loans that impact the property selling price. In comparison to the Newfoundland program below, which qualified for Affordable Housing flexibilities previously, the BC proposal of an income of up to \$150,000 may not be targeting lower income households, as well it is not clear that the BC proposed program is targeting modest housing. We cannot determine what location is being targeted nor the volume anticipated under the BC program.

- [This question might only be answerable by B.C., but in case you know the answer, I'll put it here too] Is the program contemplating a balloon payment at the end of the first 5 years? If so, do you think borrowers will have any challenges in coming up with that balloon payment?

At one point, we understood the province would require the loan to be capitalized into the loan amount at the end of the 5 year term (via a refinance), but we understand they may be re-evaluating this process. Probably best answered by BC.

If the BC proposal is considering using a balloon payment to repay the equity once the loan is under administration, this represents a greater risk of default post loan initiation, particularly so where interest rates are forecast to increase. In such a scenario, CMHC Insurance would have strong concerns about the impact that this could have on application risk, and we would require equal payments for the five years to be factored into the ratios.

Newfoundland and Labrador Program

This year, Newfoundland and Labrador launched a down payment assistance program as a two-year pilot project. The program is closed for this fiscal year, with funding being exhausted. Property price eligibility was comparable to the proposed BC program after adjusting for house price differences between the two provinces. The program covered down payments of up to 5% of the property purchase price, charging interest at a maximum rate of prime minus one per cent, to be repaid gradually over time after five years from purchase.

<http://www.nlhc.nf.ca/programs/programsDap.html>

Newfoundland Labrador Housing Corporation's affordable homeownership program was a two-year pilot designed to assist moderate income households purchase a home. It was approved by CMHC in 2014 under the Affordable Housing Program with a

very limited scope in number of households served (200) and at a low overall price point (homes range from \$175,000 to \$250,000, depending on location). It had a modest sliding household income threshold of up to \$65,000-\$75,000. The program is now closed (see website link above). Borrowers could not be exposed to any undue interest rate risk for the first 5 years of home ownership. The first mortgage had to be a minimum 5 year term closed mortgage or a capped 5 year variable rate mortgage. The program was offering a nominal rate of interest and minimal repayment feature combined with no interest accumulated and no payments required for the first five years of homeownership. Maximum income levels and maximum purchase price thresholds were incorporated into the program qualification criteria to ensure modesty and affordability are achieved and in keeping with the provincial goal of establishing an affordable housing program. Additionally, the Province was providing continuing support to homeowners with an educational program. The loan itself was a repayable equity loan registered as a second mortgage up to a maximum of 5% of the maximum purchase price established for each market. Qualified applicants were offered 3 repayment options.

The maximum purchase prices established via this program were reasonable and below the MLS average sales price. The homes were deemed modest in style, design and features. A total of 200 households were targeted via the program. To offset risk, Maximum GDS / TDS ratios were 35% and 42% respectively. Repayment of the down payment was factored into TDS. In the event of default, the second mortgage will be discharged. Unlike the BC proposal, to our knowledge there was no share in the price appreciation of the property, going back to the government. That being said, to a limited extent we have seen other Affordable Housing programs including this as part of their proposal.

David LeDrew
613-369-3896

From: kwright@cmhc-schl.gc.ca [mailto:kwright@cmhc-schl.gc.ca]
Sent: November-04-16 4:01 PM
To: LeDrew, David (FIN); ehughes@cmhc-schl.gc.ca
Cc: Leach, Cynthia (FIN); Ram, Elisha (FIN)
Subject: Re: BC HPAP (confidential)

Hi David,

I'm still stuck in the office. Maybe some sun tomorrow...

I am familiar with the BC proposal and the exchange with Paul. Eleanor is familiar as well and your best bet for getting answers to you questions. If you have them in writing, that would be a helpful start.

Kevin

Kevin Wright
Director, Housing Finance
Off. of SVP, Policy, Research & Public Affairs
kwright@cmhc-schl.gc.ca
Telephone: 613 740-5434
Facsimile: 613 748-4785
700 Montreal Road, C2-368, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Kevin Wright
Directeur, Financement de l'habitation
Bur. du PVP, Politiques, Rech. et Rel. publ.
kwright@cmhc-schl.gc.ca
Téléphone : 613 740-5434
Télécopieur : 613 748-4785
700, Chemin Montreal, C2-368, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

"LeDrew, David (FIN)" ---04/11/2016 03:22:26 PM---Hi Kevin, I actually hope you're out enjoying the beautiful sunny day, but if not I wanted to check

From: "LeDrew, David (FIN)" <david.ledrew@canada.ca>
To: "kwright@cmhc-schl.gc.ca" <kwright@cmhc-schl.gc.ca>,
Cc: "Leach, Cynthia (FIN)" <cynthia.leach@canada.ca>, "Ram, Elisha (FIN)" <elisha.ram@canada.ca>
Date: 04/11/2016 03:22 PM
Subject: BC HPAP (confidential)

Hi Kevin,

I actually hope you're out enjoying the beautiful sunny day, but if not I wanted to check in on something with you. (Cynthia and Elisha are in Toronto today)

I believe that Mr. Siddall shared with Mr. Rochon details of a proposed B.C. Home Purchase Assistance Program. In analyzing the proposal, we have a few questions we wanted to run by you.

Would be happy to give you a call, or to send over the questions via email.

Let me know? Thanks, Dave

David LeDrew
Senior Advisor | Économiste principal
Financial Sector Policy Branch | Direction de la politique du secteur financier
Department of Finance Canada | Ministère des Finances Canada
Ottawa, Canada K1A 0G5
*NEW David.LeDrew@canada.ca
Telephone | Téléphone 613-369-3896
Government of Canada | Gouvernement du Canada



Department of Finance
Canada

Ministère des Finances
Canada

Canada

NOTICE: This email message, including any attachments, is confidential, subject to copyright and may be privileged. Any unauthorized use or disclosure is prohibited.

AVIS: Le présent message, incluant toute pièce jointe, est confidentiel, protégé par des droits d'auteur et peut contenir des renseignements privilégiés. L'utilisation ou la communication non autorisée de ces renseignements est interdite.

NOTICE: This email message, including any attachments, is confidential, subject to copyright and may be privileged. Any unauthorized use or disclosure is prohibited.

AVIS: Le présent message, incluant toute pièce jointe, est confidentiel, protégé par des droits d'auteur et peut contenir des renseignements privilégiés. L'utilisation ou la communication non autorisée de ces renseignements est interdite.

NOTICE: This email message, including any attachments, is confidential, subject to copyright and may be privileged. Any unauthorized use or disclosure is prohibited.

AVIS: Le présent message, incluant toute pièce jointe, est confidentiel, protégé par des droits d'auteur et peut contenir des renseignements privilégiés. L'utilisation ou la communication non autorisée de ces renseignements est interdite.

Chris Woodcock

From: Reem Hindieh
Sent: November-23-16 1:15 PM
To: Barbara Ann Touzel
Cc: Chris Woodcock
Subject: Re: BC - HPAP inquiry - 1

Reem Hindieh
Director / Directeur
Legal Services (Capital Markets) /
Services juridiques (marchés fin.)

Tel: 613 748-2594
Fax: 613 748-4098 y
700 Montreal Road, C2-214,
Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Société canadienne d'hypothèques et de logement
www.schl.ca

Please be advised that this is a protected, confidential or solicitor-client privileged communication with its intended recipient.

Ce courriel est protégé, confidentiel et sujet au secret professionnel.

Please delete if sent to you in error. Merci.

From: Barbara-Ann Touzel

Sent: Wednesday, November 23, 2016 12:22 PM
To: Reem Hindieh
Cc: Chris Woodcock
Subject: BC - HPAP inquiry -

s.21(1)(a)

s.21(1)(b)

s.23

Hi Reem - After speaking to Eleanor, I redrafted

to speak more directly to DoF question.

Barbara-Ann Touzel
Acting Manager, Homeowner Policy
Office of the VP, Insurance Operations
btouzel@cmhc-schl.gc.ca
Telephone: 613 748-4813
Facsimile: 613 748-2783
700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca
Everything you need to open new doors.

Barbara-Ann Touzel
Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)
Bureau du vice-président, Activités d'assurance
btouzel@cmhc-schl.gc.ca
Téléphone : 613 748-4813
Télécopieur : 613 748-2783
700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca
La clé qui ouvre de nouvelles portes.

Chris Woodcock

From: Mike Nelson
Sent: November-23-16 11:35 AM
To: Barbara Ann Touzel
Cc: Chris Woodcock
Subject: Re: BC proposal

Barbara Ann - separately, I will send you a recap of a discussion with legal (Maya) that goes over these exact same issues (I believe you were on this call as well and should be helpful for you.

The call with BC Housing did not go as far as : requirements.

Mike Nelson
Regional Manager, Homeowner Underwriting (West)
Office of the VP, Insurance Operations
mnelson@cmhc.ca
Telephone: 604 737-4035
Facsimile: 604 714-3701
1111 West Georgia, Suite 2000, Vancouver, BC, V6E 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Mike Nelson
Gestionn. rég., Souscription log. p.-o. Ouest
Bureau du vice-président, Activités d'assurance
mnelson@cmhc.ca
Téléphone : 604 737-4035
Télécopieur : 604 714-3701
1111 Chemin Georgia O, Porte 2000, Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

From: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL,
Date: 23/11/2016 07:28 AM
Subject: BC proposal

Chris & Mike:

I am wondering if you and Mike, already discussed this point before discussions with Caroline S and are comfortable with it? Just want to double check before sending final draft response to Eleanor H.

Barbara-Ann Touzel

Acting Manager, Homeowner Policy
Office of the VP, Insurance Operations

btouzel@cmhc-schl.gc.ca

Telephone: 613 748-4813

Facsimile: 613 748-2783

700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

Everything you need to open new doors.

Barbara-Ann Touzel

Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)

Bureau du vice-président, Activités d'assurance

btouzel@cmhc-schl.gc.ca

Téléphone : 613 748-4813

Télécopieur : 613 748-2783

700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7

Société canadienne d'hypothèques et de logement (SCHL)

www.schl.ca

La clé qui ouvre de nouvelles portes.

Chris Woodcock

From: Barbara Ann Touzel
Sent: November-22-16 2:54 PM
To: Eleanor Hughes
Cc: Chris Woodcock; Reem Hindieh; Christie Breton
Subject: Re: Draft response - Fw: BC HPAP (confidential)

My understanding.... (see bold for answers).

From: Eleanor Hughes/NAT/CMHC-SCHL/CA
To: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@cmhc-schl,
Date: 21/11/2016 08:57 PM
Subject: Fw: BC HPAP (confidential)

Hi Barbara Ann - see below. DoF has a few follow up questions. Can we discuss tomorrow? Thanks.

Eleanor Hughes
(613) 286-8562

From: LeDrew, David (FIN) <david.ledrew@canada.ca>
Sent: Monday, November 21, 2016 6:07 PM
To: ehughes@cmhc-schl.gc.ca
Cc: Bernard, Brendon (FIN); Leach, Cynthia (FIN); Ram, Elisha (FIN); kwright@cmhc-schl.gc.ca
Subject: RE: BC HPAP (confidential)

Eleanor – thanks for this. Very helpful.

I have a few of follow up questions. I'll try here but happy to do by a call if you prefer:

1. Re: "If the borrower were unable to repay the loan, BC would have to enforce its second mortgage rights and the sale proceeds would be applied to the insured mortgage first. "

Sorry for the elementary question, but does this mean that a second mortgage holder can initiate foreclosure, even when the first mortgage is not in default?

If you have more than one mortgage secured against the property, and the borrower defaults on the second while the first is in good standing, whether the second mortgage lender starts foreclosure proceedings usually depends on the market value of the home and the cost of foreclosure proceedings. In the event of borrower defaults, any collections and any proceeds realized from enforcement of the security and any judgement in relation to the debt, will be first applied to the insured loan and claim costs. Any remaining proceeds may be applied to the secondary mortgage. This is why, in some instances the second mortgage holders will simply walk away.

2. Re: "the use of non-traditional sources of equity is limited to loan-to-value ratios between 90.01 percent and 95 percent. "

I'm curious about this. Could someone comment as to why a lower LTV mortgage would not qualify for this insurance product, even at say the same premium?

ANSWER:

To be clear, the response should say non-traditional sources of equity (higher premium) is limited to loan-to-value loans 90.01 percent and 95%. Which means, where the borrower is not providing the minimum down payment of between 5% to 9.99% from traditional sources, they will be charged the higher premium associated with non-

traditional downpayments of () ... This higher rate applies regardless of any additional amount of equity that might come from non-traditional equity sources (e.g. borrowed).

Versus, if the borrower can provide a traditional down payment of 10% or more, the borrower will be charged the premium rate related to the actual LTV when all equity is combined (i.e. the combination of traditional and non-traditional equity).

David LeDrew
613-369-3896

From: ehughes@cmhc-schl.gc.ca [mailto:ehughes@cmhc-schl.gc.ca]

Sent: November-15-16 3:39 PM

To: LeDrew, David (FIN)

Cc: Bernard, Brendon (FIN); Leach, Cynthia (FIN); Ram, Elisha (FIN); kwright@cmhc-schl.gc.ca

Subject: RE: BC HPAP (confidential)

Hi David - apologies once again for the delay. Please find below responses to your questions, based on a high level understanding of the BC program. Our Insurance team is familiar with the program, however I believe discussions are ongoing with BC and final details are still being worked out.

Happy to arrange for a call if needed.

Thanks,

Eleanor

Eleanor Hughes

Manager, Policy Operations
 Off. of the Sr. V.-P., Corp. Dev., Pol. & Res.
ehughes@cmhc-schl.gc.ca
 Telephone: 613 748-2942
 Facsimile: 613 748-2433
 700 Montreal Road, C2-352, Ottawa, ON, K1A 0P7
 Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca



October 4, 2016 Ottawa, ON
www.cmhc.ca2016symposium

Eleanor Hughes

Gestionnaire, Activités liées aux politiques
 Bur. du pvp, Dév. de la Soc., Pol. et Recherche
ehughes@cmhc-schl.gc.ca
 Téléphone : 613 748-2942
 Télécopieur : 613 748-2433
 700, Chemin Montreal, C2-352, Ottawa, ON, K1A 0P7
 Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



4 octobre 2016 Ottawa, ON
www.cmhc.ca2016symposium

"LeDrew, David (FIN)" ---04/11/2016 04:30:21 PM---Thanks Kevin. Hi Eleanor –

From: "LeDrew, David (FIN)" <david.ledrew@canada.ca>
 To: "kwright@cmhc-schl.gc.ca" <kwright@cmhc-schl.gc.ca>, "ehughes@cmhc-schl.gc.ca" <ehughes@cmhc-schl.gc.ca>,
 Cc: "Leach, Cynthia (FIN)" <cynthia.leach@canada.ca>, "Ram, Elisha (FIN)" <elisha.ram@canada.ca>, "Bernard, Brendon (FIN)" <brendon.bernard@canada.ca>
 Date: 04/11/2016 04:30 PM
 Subject: RE: BC HPAP (confidential)

Thanks Kevin.

Hi Eleanor –

We have a few questions about the proposed BC Home Purchase Assistance Program we hoped we could run by you. Please see below; happy to chat about it next week. Thanks, and have a great weekend.

Just a point of clarification. The questions below correspond to the BC Home Purchase Assistance Program, which is essentially a borrowed downpayment program, and would fall under CMHC's "Non-Traditional Downpayment" policies, requiring higher credit score and a premium surcharge to be applied.

Questions

- Would a default on the second mortgage loan from BC affect the security of the insured first mortgage loan?

Broadly speaking, CMHC Insurance underwriting policies require that the first priority position of the insured loan be unaffected by a second ranking security securing the borrowed funds. If the borrower were unable to repay the loan, BC would have to enforce its second mortgage rights and the sale proceeds would be applied to the insured mortgage first.

- Given the no-payment-required-for-5-years nature of this loan, what does that mean for debt service ratio qualification? Would insurers/lenders allow this loan to be excluded from the calculations?

For the purpose of calculating debt service ratios, borrowed equity is considered a debt obligation (in this case the loan must be repaid at the end of 5 years) and therefore, at a minimum, the debt obligation should be amortized over 5 years and included in the Total Debt Service (TDS) ratio calculation. CMHC's normally restricted TDS ratio of 42 percent would apply.

- Are there any other consequences in terms of insurance eligibility of using a B.C. Government loan as part of the down payment? E.g. I see the premium is higher; anything else?
Yes, to mitigate risk of non-traditional down payments, both the higher premium and credit score requirement of 650 apply. Prospective borrowers using non-traditional sources of equity are limited to residential housing containing not more than two self-contained units. As well, the use of non-traditional sources of equity is limited to loan-to-value ratios between 90.01 percent and 95 percent.

- How would this program compare with other provincial/CMHC programs that help borrowers with down payments (e.g., Newfoundland program mentioned below or home-builder gift programs)?

CMHC accepts non-traditional sources of equity to satisfy minimum equity requirements, provided the source of the down payment is arm's length and not tied to the purchase or sale of the property, either directly or indirectly. Prohibited sources include builder incentives or loans; gifts from third parties who receive payment directly or indirectly from the vendor or builder; and realtor, real estate salesperson or mortgage broker incentives or loans that impact the property selling price. In comparison to the Newfoundland program below, which qualified for Affordable Housing flexibilities previously, the BC proposal of an income of up to \$150,000 may not be targeting lower income households, as well it is not clear that the BC proposed program is targeting modest housing. We cannot determine what location is being targeted nor the volume anticipated under the BC program.

- [This question might only be answerable by B.C., but in case you know the answer, I'll put it here too] Is the program contemplating a balloon payment at the end of the first 5 years? If so, do you think borrowers will have any challenges in coming up with that balloon payment?

At one point, we understood the province would require the loan to be capitalized into the loan amount at the end of the 5 year term (via a refinance), but we understand they may be re-evaluating this process. Probably best answered by BC.

If the BC proposal is considering using a balloon payment to repay the equity once the loan is under administration, this represents a greater risk of default post loan initiation, particularly so where interest rates are forecast to increase. In such a scenario, CMHC Insurance would have strong concerns about the impact that this could have on application risk, and we would require equal payments for the five years to be factored into the ratios.

Newfoundland and Labrador Program

This year, Newfoundland and Labrador launched a down payment assistance program as a two-year pilot project. The program is closed for this fiscal year, with funding being exhausted. Property price eligibility was comparable to the proposed BC program after adjusting for house price differences between the two provinces. The program covered down payments of up to 5% of the property purchase price, charging interest at a maximum rate of prime minus one per cent, to be repaid gradually over time after five years from purchase.

<http://www.nlhc.nf.ca/programs/programsDap.html>

Newfoundland Labrador Housing Corporation's affordable homeownership program was a two-year pilot designed to assist moderate income households purchase a home. It was approved by CMHC in 2014 under the Affordable Housing Program with a very limited scope in number of households served (200) and at a low overall price point (homes range from \$175,000 to \$250,000, depending on location). It had a modest sliding household income threshold of up to \$65,000-\$75,000. The program is now closed (see website link above). Borrowers could not be exposed to any undue interest rate risk for the first 5 years of home ownership. The first mortgage had to be a minimum 5 year term closed mortgage or a capped 5 year variable rate mortgage. The program was offering a nominal rate of interest and minimal repayment feature combined with no interest accumulated and no payments required for the first five years of homeownership. Maximum income levels and maximum purchase price thresholds were

incorporated into the program qualification criteria to ensure modesty and affordability are achieved and in keeping with the provincial goal of establishing an affordable housing program. Additionally, the Province was providing continuing support to homeowners with an educational program. The loan itself was a repayable equity loan registered as a second mortgage up to a maximum of 5% of the maximum purchase price established for each market. Qualified applicants were offered 3 repayment options.

The maximum purchase prices established via this program were reasonable and below the MLS average sales price. The homes were deemed modest in style, design and features. A total of 200 households were targeted via the program. To offset risk, Maximum GDS / TDS ratios were 35% and 42% respectively. Repayment of the down payment was factored into TDS. In the event of default, the second mortgage will be discharged. Unlike the BC proposal, to our knowledge there was no share in the price appreciation of the property, going back to the government. That being said, to a limited extent we have seen other Affordable Housing programs including this as part of their proposal.

David LeDrew
613-369-3896

From: kwright@cmhc-schl.gc.ca [mailto:kwright@cmhc-schl.gc.ca]
Sent: November-04-16 4:01 PM
To: LeDrew, David (FIN); ehughes@cmhc-schl.gc.ca
Cc: Leach, Cynthia (FIN); Ram, Elisha (FIN)
Subject: Re: BC HPAP (confidential)

Hi David,

I'm still stuck in the office. Maybe some sun tomorrow...

I am familiar with the BC proposal and the exchange with Paul. Eleanor is familiar as well and your best bet for getting answers to you questions. If you have them in writing, that would be a helpful start.

Kevin

Kevin Wright
Director, Housing Finance
Off. of SVP, Policy, Research & Public Affairs
kwright@cmhc-schl.gc.ca
Telephone: 613 740-5434
Facsimile: 613 748-4785
700 Montreal Road, C2-368, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Kevin Wright
Directeur, Financement de l'habitation
Bur. du PVP, Politiques, Rech. et Rel. publ.
kwright@cmhc-schl.gc.ca
Téléphone : 613 740-5434
Télécopieur : 613 748-4785
700, Chemin Montreal, C2-368, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

"LeDrew, David (FIN)" ---04/11/2016 03:22:26 PM---Hi Kevin, I actually hope you're out enjoying the beautiful 'sunny day, but if not I wanted to check

From: "LeDrew, David (FIN)" <david.ledrew@canada.ca>
To: "kwright@cmhc-schl.gc.ca" <kwright@cmhc-schl.gc.ca>,
Cc: "Leach, Cynthia (FIN)" <cynthia.leach@canada.ca>, "Ram, Elisha (FIN)" <elisha.ram@canada.ca>
Date: 04/11/2016 03:22 PM
Subject: BC HPAP (confidential)

Hi Kevin,

I actually hope you're out enjoying the beautiful sunny day, but if not I wanted to check in on something with you. (Cynthia and Elisha are in Toronto today)

I believe that Mr. Siddall shared with Mr. Rochon details of a proposed B.C. Home Purchase Assistance Program. In analyzing the proposal, we have a few questions we wanted to run by you.

Would be happy to give you a call, or to send over the questions via email.

Let me know? Thanks, Dave

David LeDrew
Senior Advisor | Économiste principal
Financial Sector Policy Branch | Direction de la politique du secteur financier
Department of Finance Canada | Ministère des Finances Canada
Ottawa, Canada K1A 0G5
*NEW David.LeDrew@canada.ca
Telephone | Téléphone 613-369-3896
Government of Canada | Gouvernement du Canada



Department of Finance
Canada

Ministère des Finances
Canada

Canada

Chris Woodcock

From: Steven Mennill
Sent: November-21-16 6:01 PM
To: Evan W Siddall
Cc: Glen Trevisani; Chris Woodcock; Caroline Sanfacon; Mike Nelson
Subject: Fw: Call with BC

Evan

Please see below notes from a call with BC Housing. I think this is self explanatory, but please let me know if you have any questions.

Keep up the good work, folks.

Steve Mennill
613-748-2772

From: Chris Woodcock <cwoodcoc@cmhc-schl.gc.ca>
Sent: Monday, November 21, 2016 5:33 PM
To: smennill@cmhc-schl.gc.ca
Cc: Glen V Trevisani; Caroline Sanfacon; Mike Nelson
Subject: Call with BC

Steve,

Caroline, Mike and I just got off the phone with BC Housing. BC walked through their proposed structure: essentially a repayable second mortgage, no principal or interest payments for the first five years, renewable at year five at a slightly elevated interest rate in order to encourage borrowers to refinance the second mortgage into the first. They estimate there are about 20,000 first time homebuyers targeted by the program.

They'll take it away to consider and said they would

like to continue discussing this with us.

-CW

Chris Woodcock

From: Chris Woodcock
Sent: November-21-16 5:55 PM
To: Steven Mennill; Steven Mennill
Cc: Glen Trevisani; Caroline Sanfacon; Mike Nelson
Subject: Re: Call with BC

Yes. No concerns with sharing.

From: Steven C Mennill
Sent: Monday, November 21, 2016 5:50 PM
To: Chris Woodcock; Steven C Mennill
Cc: Glen V Trevisani; Caroline Sanfacon; Mike Nelson
Subject: Re: Call with BC

Thanks.
you ok if I share this with Evan?

Are

Steve Mennill
613-748-2772

From: Chris Woodcock
Sent: Monday, November 21, 2016 5:33 PM
To: smennill@cmhc-schl.gc.ca
Cc: Glen V Trevisani; Caroline Sanfacon; Mike Nelson
Subject: Call with BC

Steve,

Caroline, Mike and I just got off the phone with BC Housing. BC walked through their proposed structure: essentially a repayable second mortgage, no principal or interest payments for the first five years, renewable at year five at a slightly elevated interest rate in order to encourage borrowers to refinance the second mortgage into the first. They estimate there are about 20,000 first time homebuyers targeted by the program.

like to continue discussing this with us.

They'll take it away to consider and said they would

-CW

Chris Woodcock

From: Mike Nelson
Sent: November-18-16 12:01 PM
To: Barbara Ann Touzel; Chris Woodcock
Subject: Supplementing DPs

Hi Chris and Barbara Ann (Chris, this a follow-up to the discussion we had earlier this week).

In their example, the actual LTV will be exactly 90%. As such, our current Non-traditional down payment policies / premiums would not apply as it is for LTVs at 90.01% to 95% (assuming we would consider BCH's equity contribution as non-traditional).

If we used our existing supplementing down payment policy, the premium calculation would be as follows:

- \$300000pp (\$15000 purchaser / \$15000 BCH) \$270000 * 3.6% \$9720 *(using the 95% premium rate applied to the actual loan amount)*

If we did not have the supplementing down payment policy, the premium calculation would be as follows:

- \$300000pp (\$15000 purchaser / \$15000 BCH) \$270000 * 2.4% \$6480 *(using the 90% premium rate applied to the actual loan amount)*

Thanks.

Mike Nelson

Regional Manager, Homeowner Underwriting (West)
Office of the VP, Insurance Operations
mnelson@cmhc.ca
Telephone: 604 737-4035
Facsimile: 604 714-3701
1111 West Georgia, Suite 2000, Vancouver, BC, V6E 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Mike Nelson

Gestionn. rég., Souscription log. p.-o. Ouest
Bureau du vice-président, Activités d'assurance
mnelson@cmhc.ca
Téléphone : 604 737-4035
Télécopieur : 604 714-3701
1111 Chemin Georgia O, Porte 2000, Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

----- Forwarded by Mike Nelson/BCY/CMHC-SCHL/CA on 18/11/2016 08:26 AM -----

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
To: Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl, Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl,
Cc: Mike Nelson/BCY/CMHC-SCHL/CA@cmhc-schl
Date: 17/11/2016 05:33 PM
Subject: Fw: Meet next week

Hello, FYI, things seem to evolve on this file...

Sent from my BlackBerry 10 smartphone on the Rogers network.

Chris Woodcock

From: Glen Trevisani
Sent: November-16-16 10:40 AM
To: Chris Woodcock
Cc: Mike Nelson; Barbara Ann Touzel; Steven Mennill
Subject: Re: Fw: CMHC fees BC Housing

Just to add to Chris' point regarding the down payment assistance. Depending on the nature of the downpayment assistance (eg if it is a repayable loan) we could require that the posted qualifying rate be applied to that loan and that it be amortized over the life of the borrowing for debt service calculations purposes.

We would need more information regarding the program in order to provide more guidance as to how we would underwrite them.

Glen V Trevisani
Vice-President, Insurance Operations

gtrevisa@cmhc-schl.gc.ca
Telephone: 613 748-4049
Facsimile: 613 748-2433
700 Montreal Road, A2-427, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Glen V Trevisani
Vice-président, Activités d'assurance

gtrevisa@cmhc-schl.gc.ca
Téléphone : 613 748-4049
Télécopieur : 613 748-2433
700, Chemin Montreal, A2-427, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Glen V Trevisani/NAT/CMHC-SCHL/CA@CMHC-SCHL, Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, smennill@cmhc-schl.gc.ca
Date: 16/11/2016 06:24 AM
Subject: Re: Fw: CMHC fees BC Housing

Hi Mike,

Thanks for flagging this. We can send BC the direct answer to their question, but should also mention that the borrower's debt service ratios would have to include any payments against any borrowed down payment assistance. Perhaps Caroline could ask whether they are looking at repayable loans? Glen may want to weigh in before you respond.

Chris

From: Mike Nelson/BCY/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Glen V Trevisani/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Date: 15/11/2016 05:37 PM
Subject: Fw: CMHC fees BC Housing

Hi Chris and Glen - please see below regarding an inquiry from BC Housing to Caroline. I believe it may be related to some past discussions that you mentioned. Before I respond, I would like to ensure it is consistent (with those discussions). Let me know if you would like to discuss. Thanks.

Mike Nelson

Regional Manager, Homeowner Underwriting (West)
Office of the VP, Insurance Operations
mnelson@cmhc.ca
Telephone: 604 737-4035
Facsimile: 604 714-3701
1111 West Georgia, Suite 2000, Vancouver, BC, V6E 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Mike Nelson

Gestionn. rég., Souscription log. p.-o. Ouest
Bureau du vice-président, Activités d'assurance
mnelson@cmhc.ca
Téléphone : 604 737-4035
Télécopieur : 604 714-3701
1111 Chemin Georgia O, Porte 2000, Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

----- Forwarded by Mike Nelson/BCY/CMHC-SCHL/CA on 15/11/2016 02:25 PM -----

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
To: Mike Nelson/BCY/CMHC-SCHL/CA@cmhc-schl,
Date: 15/11/2016 02:14 PM
Subject: Fw: CMHC fees

Hi Mike, can you help me preparing a response back to BC Housing pls?

Thank you.

Caroline

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Dan Maxwell <DanMaxwell@bchousing.org>

Sent: Tuesday, November 15, 2016 5:02 PM

To: 'csanfac@cmhc-schl.gc.ca'

Subject: CMHC fees

Caroline,

As we continue to develop a program to assist first time home buyers with their downpayment, we're wondering if you could help us understand how the CMHC fees would be calculated. I understand from our past conversations that downpayment assistance from us would be subject to a premium surcharge. Do you have a rate schedule that you could share with us or something else that provides details on the calculation?

And, perhaps could you show us an example or two on how the premium is calculated. For example, if a first time home buyer purchases a \$300,000 home with \$7,500 of their own and \$7,500 from us, how much would the CMHC insurance premium be on the \$285,000 loan? How would that change if the home buyer had \$15,000 of their own and \$15,000 from us and the loan was \$270,000?

Dan Maxwell, CPA, CA
Vice President of Corporate Services
and Chief Financial Officer
BC Housing
604 439 4756

Chris Woodcock

From: Eleanor Hughes
Sent: November-15-16 4:50 PM
To: Barbara Ann Touzel
Cc: Chris Woodcock
Subject: Re: Fw: For Reply to Eleanor H (BC HPAP - Draft Response to questions)

I have no further updates from BC on the final details.
I understand there was some back and forth with Evan and Steve on this program and if/how to communicate. Not sure where it landed. Perhaps Chris has further insights?

DoF is interested in understanding the mechanics of the program.

Eleanor Hughes
Manager, Policy Operations
Off. of the Sr. V.-P., Corp. Dev., Pol. & Res.
ehughes@cmhc-schl.gc.ca
Telephone: 613 748-2942
Facsimile: 613 748-2433
700 Montreal Road, C2-352, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca



Eleanor Hughes
Gestionnaire, Activités liées aux politiques
Bur. du pvp, Dév. de la Soc., Pol. et Recherche
ehughes@cmhc-schl.gc.ca
Téléphone : 613 748-2942
Télécopieur : 613 748-2433
700, Chemin Montreal, C2-352, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



October 4, 2016 Ottawa, ON
www.cmhc.ca/2016symposium

4 octobre 2016 Ottawa, ON
www.cmhc.ca/2016symposium

From: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA
To: Eleanor Hughes/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 15/11/2016 04:43 PM
Subject: Re: Fw: For Reply to Eleanor H (BC HPAP - Draft Response to questions)

Otherwise, recommend we only address it when asked, and advise Lender to use Flex Down, and include 2nd mortgage repayment obligation within TDS (e.g. issue internal Q&A to Underwriting and Comms once launched). Similar to other Flex Down in emili (non-trad), there will be no product tracker to ID them coming in.
Thanks

Barbara-Ann Touzel

Acting Manager, Homeowner Policy
Office of the VP, Insurance Operations
btouzel@cmhc-schl.gc.ca
Telephone: 613 748-4813
Facsimile: 613 748-2783
700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Everything you need to open new doors.

Barbara-Ann Touzel

Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)
Bureau du vice-président, Activités d'assurance
btouzel@cmhc-schl.gc.ca
Téléphone : 613 748-4813
Télécopieur : 613 748-2783
700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

La clé qui ouvre de nouvelles portes.

From: Eleanor Hughes/NAT/CMHC-SCHL/CA
To: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 15/11/2016 03:36 PM
Subject: Re: Fw: For Reply to Eleanor H (BC HPAP - Draft Response to questions)

I will send out the note momentarily, and will send you a copy afterwards. I have just added one point:

Q1- default of the 2nd, I have added " If the borrower were unable to repay the loan, BC would have to enforce its second mortgage rights and the sale proceeds would be applied to the insured mortgage first."

I have also prefaced the response to say the responses are based on a high level understanding of the program and that details are being worked out.

Not sure if you plan to communicate anything to lenders, or whether we want to have a call with Finance for any reason (competitive, etc.) Please let me know.

Thanks,

Eleanor

Eleanor Hughes

Manager, Policy Operations
Off. of the Sr. V.-P., Corp. Dev., Pol. & Res.
ehughes@cmhc-schl.gc.ca
Telephone: 613 748-2942
Facsimile: 613 748-2433
700 Montreal Road, C2-352, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Eleanor Hughes

Gestionnaire, Activités liées aux politiques
Bur. du pvp, Dév. de la Soc., Pol. et Recherche
ehughes@cmhc-schl.gc.ca
Téléphone : 613 748-2942
Télécopieur : 613 748-2433
700, Chemin Montreal, C2-352, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



October 4, 2016 Ottawa, ON
www.cmhc.ca/2016symposium

4 octobre 2016 Ottawa, ON
www.cmhc.ca/2016symposium

From: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA

To: Eleanor Hughes/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 14/11/2016 12:40 PM
Subject: Fw: For Reply to Eleanor H (BC HPAP - Draft Response to questions)

Eleanor in response to Chris`s point raised below, recommend you modify the response to this question, accordingly:

How would this program compare with other provincial/CMHC programs that help borrowers with down payments (e.g., Newfoundland program mentioned below or home-builder gift programs)?

ANSWER: CMHC accepts non-traditional sources of equity to satisfy minimum equity requirements, provided the source of the down payment is arm`s length and not tied to the purchase or sale of the property, either directly or indirectly. Prohibited sources include builder incentives or loans; gifts from third parties who receive payment directly or indirectly from the vendor or builder; and realtor, real estate salesperson or mortgage broker incentives or loans that impact the property selling price. In comparison to the Newfoundland program below, which qualified for Affordable Housing flexibilities previously, the BC DAP proposal of an income of up to \$150,000 may not be targeting lower income households, as well it is not clear that the BC proposed program is targeting modest housing. We cannot determine what location is being targeted nor the volume anticipated under the BC DAP. If the BC proposal is considering using a balloon payment to repay the equity once the loan is under administration, this represents a greater risk of default post loan initiation, particularly so where interest rates are forecast to increase. In such a scenario, CMHC has strong concerns about the impact that this could have on application risk, and we would require equal payments for the five years to be factored into the ratios.

Barbara-Ann Touzel

Acting Manager, Homeowner Policy
Office of the VP, Insurance Operations
btouzel@cmhc-schl.gc.ca
Telephone: 613 748-4813
Facsimile: 613 748-2783
700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Everything you need to open new doors.

Barbara-Ann Touzel

Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)
Bureau du vice-président, Activités d'assurance
btouzel@cmhc-schl.gc.ca
Téléphone : 613 748-4813
Télécopieur : 613 748-2783
700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

La clé qui ouvre de nouvelles portes.

----- Forwarded by Barbara-Ann Touzel/NAT/CMHC-SCHL/CA on 14/11/2016 12:24 PM -----

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Eleanor Hughes/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 14/11/2016 11:40 AM
Subject: Re: For Reply to Eleanor H (BC HPAP - Draft Response to questions)

2 Things: should we mention the affordable housing aspect at the end of the following answer?

How would this program compare with other provincial/CMHC programs that help borrowers with down payments (e.g., Newfoundland program mentioned below or home-builder gift programs)? **ANSWER:** CMHC accepts non-traditional sources of equity to satisfy minimum equity requirements, provided the source of the down payment is arm`s length and not tied to the purchase or sale of the property, either directly or indirectly. Prohibited sources include builder incentives or loans; gifts from third parties who receive payment directly or indirectly from the vendor or builder; and realtor, real estate salesperson or mortgage broker incentives or loans that impact the property selling price;

Balloon payment: here I think we should say that we heard that such a scenario was being considered and that we would have strong concerns about the impact that this could have on application risk, and that we would likely require equal payments for the five years to be factored into the ratios (huge impact).

From: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Eleanor Hughes/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 14/11/2016 10:08 AM
Subject: For Reply to Eleanor H (BC HPAP - Draft Response to questions)

Chris - I promised to return this to Eleanor today. Please forward if you are ok with response (see blue font). Thanks



BC HPAP v.2.docx

Barbara-Ann Touzel

Acting Manager, Homeowner Policy
Office of the VP, Insurance Operations

btouzel@cmhc-schl.gc.ca

Telephone: 613 748-4813

Facsimile: 613 748-2783

700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

Everything you need to open new doors.

Barbara-Ann Touzel

Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)

Bureau du vice-président, Activités d'assurance

btouzel@cmhc-schl.gc.ca

Téléphone : 613 748-4813

Télécopieur : 613 748-2783

700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7

Société canadienne d'hypothèques et de logement (SCHL)

www.schl.ca

La clé qui ouvre de nouvelles portes.

Chris Woodcock

From: Barbara Ann Touzel
Sent: November-15-16 4:43 PM
To: Eleanor Hughes
Cc: Chris Woodcock
Subject: Re: Fw: For Reply to Eleanor H (BC HPAP - Draft Response to questions)

Do we know what their position will be?

Otherwise, recommend we only address it when asked, and advise Lender to use Flex Down, and include 2nd mortgage repayment obligation within TDS (e.g. issue internal Q&A to Underwriting and Comms once launched). Similar to other Flex Down in emili (non-trad), there will be no product tracker to ID them coming in.

Thanks

Barbara-Ann Touzel

Acting Manager, Homeowner Policy
 Office of the VP, Insurance Operations
btouzel@cmhc-schl.gc.ca
 Telephone: 613 748-4813
 Facsimile: 613 748-2783
 700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7
 Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Everything you need to open new doors.

Barbara-Ann Touzel

Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)
 Bureau du vice-président, Activités d'assurance
btouzel@cmhc-schl.gc.ca
 Téléphone : 613 748-4813
 Télécopieur : 613 748-2783
 700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7
 Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

La clé qui ouvre de nouvelles portes.

From: Eleanor Hughes/NAT/CMHC-SCHL/CA
To: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 15/11/2016 03:36 PM
Subject: Re: Fw: For Reply to Eleanor H (BC HPAP - Draft Response to questions)

I will send out the note momentarily, and will send you a copy afterwards. I have just added one point:

Q1- default of the 2nd, I have added " If the borrower were unable to repay the loan, BC would have to enforce its second mortgage rights and the sale proceeds would be applied to the insured mortgage first."

I have also prefaced the response to say the responses are based on a high level understanding of the program and that details are being worked out.

Not sure if you plan to communicate anything to lenders, or whether we want to have a call with Finance for any reason (competitive, etc.) Please let me know.

Thanks,

Eleanor

Eleanor Hughes

Manager, Policy Operations
 Off. of the Sr. V.-P., Corp. Dev., Pol. & Res.
ehughes@cmhc-schl.gc.ca
 Telephone: 613 748-2942
 Facsimile: 613 748-2433
 700 Montreal Road, C2-352, Ottawa, ON, K1A 0P7
 Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca



October 4, 2016 Ottawa, ON
www.cmhc.ca/2016symposium

Eleanor Hughes

Gestionnaire, Activités liées aux politiques
 Bur. du pvp, Dév. de la Soc., Pol. et Recherche
ehughes@cmhc-schl.gc.ca
 Téléphone : 613 748-2942
 Télécopieur : 613 748-2433
 700, Chemin Montreal, C2-352, Ottawa, ON, K1A 0P7
 Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



4 octobre 2016 Ottawa, ON
www.cmhc.ca/2016symposium

From: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA
 To: Eleanor Hughes/NAT/CMHC-SCHL/CA@CMHC-SCHL,
 Cc: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL
 Date: 14/11/2016 12:40 PM
 Subject: Fw: For Reply to Eleanor H (BC HPAP - Draft Response to questions)

Eleanor in response to Chris's point raised below, recommend you modify the response to this question, accordingly:

How would this program compare with other provincial/CMHC programs that help borrowers with down payments (e.g., Newfoundland program mentioned below or home-builder gift programs)?

ANSWER: CMHC accepts non-traditional sources of equity to satisfy minimum equity requirements, provided the source of the down payment is arm's length and not tied to the purchase or sale of the property, either directly or indirectly. Prohibited sources include builder incentives or loans; gifts from third parties who receive payment directly or indirectly from the vendor or builder; and realtor, real estate salesperson or mortgage broker incentives or loans that impact the property selling price. In comparison to the Newfoundland program below, which qualified for Affordable Housing flexibilities previously, the BC DAP proposal of an income of up to \$150,000 may not be targeting lower income households, as well it is not clear that the BC proposed program is targeting modest housing. We cannot determine what location is being targeted nor the volume anticipated under the BC DAP. If the BC proposal is considering using a balloon payment to repay the equity once the loan is under administration, this represents a greater risk of default post loan initiation, particularly so where interest rates are forecast to increase. In such a scenario, CMHC has strong concerns about the impact that this could have on application risk, and we would require equal payments for the five years to be factored into the ratios.

Barbara-Ann Touzel

Acting Manager, Homeowner Policy
 Office of the VP, Insurance Operations
btouzel@cmhc-schl.gc.ca
 Telephone: 613 748-4813
 Facsimile: 613 748-2783
 700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7
 Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Everything you need to open new doors.

Barbara-Ann Touzel

Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)
 Bureau du vice-président, Activités d'assurance
btouzel@cmhc-schl.gc.ca
 Téléphone : 613 748-4813
 Télécopieur : 613 748-2783
 700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7
 Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

La clé qui ouvre de nouvelles portes.

----- Forwarded by Barbara-Ann Touzel/NAT/CMHC-SCHL/CA on 14/11/2016 12:24 PM -----

From: Chris Woodcock/NAT/CMHC-SCHL/CA
 To: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL,
 Cc: Eleanor Hughes/NAT/CMHC-SCHL/CA@CMHC-SCHL
 Date: 14/11/2016 11:40 AM
 Subject: Re: For Reply to Eleanor H (BC HPAP - Draft Response to questions)

2 Things: should we mention the affordable housing aspect at the end of the following answer?

How would this program compare with other provincial/CMHC programs that help borrowers with down payments (e.g., Newfoundland program mentioned below or home-builder gift programs)? ANSWER: CMHC accepts non-traditional sources of equity to satisfy minimum equity requirements, provided the source of the down payment is arm's length and not tied to the purchase or sale of the property, either directly or indirectly. Prohibited sources include builder incentives or loans; gifts from third parties who receive payment directly or indirectly from the vendor or builder; and realtor, real estate salesperson or mortgage broker incentives or loans that impact the property selling price;

From: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA
 To: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,
 Cc: Eleanor Hughes/NAT/CMHC-SCHL/CA@CMHC-SCHL
 Date: 14/11/2016 10:08 AM
 Subject: For Reply to Eleanor H (BC HPAP - Draft Response to questions)

Chris - I promised to return this to Eleanor today. Please forward if you are ok with response (see blue font). Thanks



BC HPAP v.2.docx

Barbara-Ann Touzel
 Acting Manager, Homeowner Policy
 Office of the VP, Insurance Operations
btouzel@cmhc-schl.gc.ca
 Telephone: 613 748-4813
 Facsimile: 613 748-2783
 700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7
 Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca
Everything you need to open new doors.

Barbara-Ann Touzel
 Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)
 Bureau du vice-président, Activités d'assurance
btouzel@cmhc-schl.gc.ca
 Téléphone : 613 748-4813
 Télécopieur : 613 748-2783
 700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7
 Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca
La clé qui ouvre de nouvelles portes.

We have a few questions about the proposed BC Home Purchase Assistance Program we hoped we could run by you. Please see below; happy to chat about it next week. Thanks, and have a great weekend.

Just a point of clarification. The questions below correspond to the BC Home Purchase Assistance Program, which is essentially a borrowed downpayment program, which would fall under CMHC's "Non-Traditional Downpayment" policies, requiring higher credit score and a premium surcharge to be applied.

We also understand a separate program, Affordable Homeownership Plan, is under development in BC which will be an affordable housing project (purchase price 10-20% below market values) which will target FTHBs. We understand a second mortgage equivalent to the difference between sale price and market value will be registered. At resale, the province will receive 25% on profit. This program would be reviewed and assessed under CMHC's Mortgage Loan Insurance Flexibilities for Affordable Housing (Homeowner). Further details can be found here: https://www.cmhc-schl.gc.ca/en/inpr/afhoce/upload/65950_EN_W_ACC.pdf

Questions

- **Would a default on the second mortgage loan from BC affect the security of the insured first mortgage loan?** Broadly speaking, CMHC Insurance underwriting policies require that the first priority position of the insured loan is unaffected by a second ranking security securing the borrowed funds.
- **Given the no-payment-required-for-5-years nature of this loan, what does that mean for debt service ratio qualification? Would insurers/lenders allow this loan to be excluded from the calculations?** ANSWER: For the purpose of calculating debt service ratios, borrowed equity is considered a debt obligation (in this case the loan must be repaid at the end of 5 years) and therefore at a minimum the debt obligation should be amortized over 5 years and included in the Total Debt Service (TDS) ratio calculation. CMHC's normally restricted TDS ratio of 42 percent would apply.
- **Are there any other consequences in terms of insurance eligibility of using a B.C. Government loan as part of the down payment? E.g. I see the premium is higher; anything else? Higher premium and credit score requirement of 650.** ANSWER: Yes to mitigate risk of non-traditional down payments, both the higher premium and credit score requirement of 650 apply. Prospective borrowers using non-traditional sources of equity are limited to residential housing containing not more than two self-contained units. As well, the use of non-traditional sources of equity is limited to loan-to-value ratios between 90.01 percent and 95 percent.
- **How would this program compare with other provincial/CMHC programs that help borrowers with down payments (e.g., Newfoundland program mentioned below or home-builder gift programs)?** ANSWER: CMHC accepts non-traditional sources of equity to satisfy minimum equity requirements, provided the source of the down payment is arm's length and not tied to the purchase or sale of the property, either directly or indirectly. Prohibited sources include builder incentives or loans; gifts from third parties who receive payment directly or indirectly

Commented [EH1]: Barbara Ann, can you help with this please?

Formatted: Font color: Blue

Formatted: Font: (Default) +Body (Calibri), 11 pt, Font color: Blue

Formatted: Font color: Blue

Formatted: Font: (Default) +Body (Calibri), 11 pt, Font color: Blue

Formatted: Font color: Blue

Formatted: Font color: Blue

Formatted: Font color: Blue

Formatted: Font color: Blue

s.21(1)(a)

s.21(1)(b)

from the vendor or builder; and realtor, real estate salesperson or mortgage broker incentives or loans that impact the property selling price;

- [This question might only be answerable by B.C., but in case you know the answer, I'll put it here too] Is the program contemplating a balloon payment at the end of the first 5 years? If so, do you think borrowers will have any challenges in coming up with that balloon payment? At one point, we understood the province would require the loan to be capitalized into the loan amount at the end of the 5 year term (via a refinance), but we understand they may be re-evaluating this process. Probably best answered by BC.

Formatted ... [1]

Formatted: Font color: Red

Newfoundland and Labrador Program

This year, Newfoundland and Labrador launched a down payment assistance program as a two-year pilot project. The program is closed for this fiscal year, with funding being exhausted. Property price eligibility was comparable to the proposed BC program after adjusting for house price differences between the two provinces. The program covered down payments of up to 5% of the property purchase price, charging interest at a maximum rate of prime minus one per cent, to be repaid gradually over time after five years from purchase.

Commented [BAT3R2]:

<http://www.nlhc.nf.ca/programs/programsDap.html>

ANSWER: Newfoundland Labrador Housing Corporation's affordable homeownership program was a two-year pilot designed to assist moderate income households purchase a home. It was approved by CMHC in 2014 under the Affordable Housing Program with a very limited scope in number of households served (200) and at a low overall price point (homes range from \$175,000 to \$250,000, depending on location). It had a modest sliding household income threshold of up to \$65,000-\$75,000. The program is now closed (see website link above). Borrowers could not be exposed to any undue interest rate risk for the first 5 years of home ownership. The first mortgage had to be a minimum 5 year term closed mortgage or a capped 5 year variable rate mortgage. The program was offering a nominal rate of interest and minimal repayment feature combined with no interest accumulated and no payments required for the first five years of homeownership. Maximum income levels and maximum purchase price thresholds were incorporated into the program qualification criteria to ensure modesty and affordability are achieved and in keeping with the provincial goal of establishing an affordable housing program. Additionally, the Province was providing continuing support to homeowners with an educational program. The loan itself was a repayable equity loan registered as a second mortgage up to a maximum of 5% of the maximum purchase price established for each market. Qualified applicants are offered 3 repayment options.

Commented [EH4]: is this non-trad as well?

Formatted: Space After: 0 pt, Line spacing: single, Don't adjust space between Latin and Asian text, Don't adjust space between Asian text and numbers

Formatted ... [2]

The maximum purchase prices established via this program were reasonable and below the MLS average sales price. The homes were deemed modest in style, design and features. A total of 200 households were targeted via the program. To offset risk, Maximum GDS / TDS ratios were 35% and 42% respectively. Repayment of the down payment was factored into TDS. In the event of default, the second mortgage will be discharged. Unlike the BC proposal, to our knowledge there was no share in the price appreciation of the property, going back to the government. That being said, to a limited extent we have seen other Affordable Housing programs including this as part of their proposal.

Formatted ... [3]

Chris Woodcock

From: Eleanor Hughes
Sent: November-09-16 2:52 PM
To: Chris Woodcock
Subject: Re: Fw: HPAP (Confidential)

Hi Chris - further to our discussion yesterday, I gather Evan committed to engaging with BC on this and also looping in Department of Finance. I gather Steve was going to have you/Glen do some work on this. . Can we have a further discussion on our planned course on action on this file? This obviously relates to the questions I received from Finance below.

Do you have some time to meet tomorrow?

Thanks

Eleanor

Eleanor Hughes

Manager, Policy Operations
Off. of the Sr. V.-P., Corp. Dev., Pol. & Res.
ehughes@cmhc-schl.gc.ca
Telephone: 613 748-2942
Facsimile: 613 748-2433
700 Montreal Road, C2-352, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca



Eleanor Hughes

Gestionnaire, Activités liées aux politiques
Bur. du pvp, Dév. de la Soc., Pol. et Recherche
ehughes@cmhc-schl.gc.ca
Téléphone : 613 748-2942
Télécopieur : 613 748-2433
700, Chemin Montreal, C2-352, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



October 4, 2016 Ottawa, ON
www.cmhc.ca/2016symposium

4 octobre 2016 Ottawa, ON
www.cmhc.ca/2016symposium

From: Eleanor Hughes/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Date: 08/11/2016 03:51 PM
Subject: Fw: HPAP (Confidential)

As discussed.

Eleanor Hughes

Manager, Policy Operations
Off. of the Sr. V.-P., Corp. Dev., Pol. & Res.
ehughes@cmhc-schl.gc.ca
Telephone: 613 748-2942
Facsimile: 613 748-2433
700 Montreal Road, C2-352, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca



October 4, 2016 Ottawa, ON
www.cmhc.ca/2016symposium

Eleanor Hughes

Gestionnaire, Activités liées aux politiques
Bur. du pvp, Dév. de la Soc., Pol. et Recherche
ehughes@cmhc-schl.gc.ca
Téléphone : 613 748-2942
Télécopieur : 613 748-2433
700, Chemin Montreal, C2-352, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



4 octobre 2016 Ottawa, ON
www.cmhc.ca/2016symposium

----- Forwarded by Eleanor Hughes/NAT/CMHC-SCHL/CA on 08/11/2016 03:51 PM -----

From: Eleanor Hughes/NAT/CMHC-SCHL/CA
To: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Date: 08/11/2016 10:09 AM
Subject: HPAP (Confidential)

Hi Barbara Ann, I believe this is confidential, but I understand you have fielded some questions on this already. We have some questions from Finance, which I have taken a stab at responding (based on the Handbook). Could you kindly review and revise accordingly?

Also, would you be open to having a follow-up call with Finance if needed? Thanks



BC HPAP v.1.docx

Eleanor Hughes

Manager, Policy Operations
Off. of the Sr. V.-P., Corp. Dev., Pol. & Res.
ehughes@cmhc-schl.gc.ca
Telephone: 613 748-2942
Facsimile: 613 748-2433
700 Montreal Road, C2-352, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

October 4, 2016 Ottawa, ON
www.cmhc.ca/2016symposium

Eleanor Hughes

Gestionnaire, Activités liées aux politiques
Bur. du pvp, Dév. de la Soc., Pol. et Recherche
ehughes@cmhc-schl.gc.ca
Téléphone : 613 748-2942
Télécopieur : 613 748-2433
700, Chemin Montreal, C2-352, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca



4 octobre 2016 Ottawa, ON
www.cmhc.ca/2016symposium

We have a few questions about the proposed BC Home Purchase Assistance Program we hoped we could run by you. Please see below; happy to chat about it next week. Thanks, and have a great weekend.

Just a point of clarification. The questions below correspond to the BC Home Purchase Assistance Program, which is essentially a borrowed downpayment program, which would fall under CMHC's "Non-Traditional Downpayment" policies, requiring higher credit score and a premium surcharge to be applied.

We also understand a separate program, Affordable Homeownership Plan, is under development in BC which will be an affordable housing project (purchase price 10-20% below market values) which will target FTHBs. We understand a second mortgage equivalent to the difference between sale price and market value will be registered. At resale, the province will receive 25% on profit. This program would be reviewed and assessed under CMHC's Mortgage Loan Insurance Flexibilities for Affordable Housing (Homeowner). Further details can be found here: https://www.cmhc-schl.gc.ca/en/inpr/afhoce/upload/65950_EN_W_ACC.pdf

Questions

- **Would a default on the second mortgage loan from BC affect the security of the insured first mortgage loan?** Broadly speaking, CMHC Insurance underwriting policies require that the first priority position of the insured loan is unaffected by a second ranking security securing the borrowed funds.
- **Given the no-payment-required-for-5-years nature of this loan, what does that mean for debt service ratio qualification? Would insurers/lenders allow this loan to be excluded from the calculations?**
- **Are there any other consequences in terms of insurance eligibility of using a B.C. Government loan as part of the down payment? E.g. I see the premium is higher; anything else?** Higher premium and credit score requirement of 650.
- **How would this program compare with other provincial/CMHC programs that help borrowers with down payments (e.g., Newfoundland program mentioned below or home-builder gift programs)?** CMHC accepts non-traditional sources of equity to satisfy minimum equity requirements, provided the source of the down payment is arm's length and not tied to the purchase or sale of the property, either directly or indirectly. Prohibited sources include builder incentives or loans; gifts from third parties who receive payment directly or indirectly from the vendor or builder; and realtor, real estate salesperson or mortgage broker incentives or loans that impact the property selling price;
- **[This question might only be answerable by B.C., but in case you know the answer, I'll put it here too] Is the program contemplating a balloon payment at the end of the first 5 years? If so, do you think borrowers will have any challenges in coming up with that balloon payment?** At one point, we understood the province would require the loan to be capitalized into the loan amount at the end of the 5 year term (via a refinance), but we understand they may be re-evaluating this process. Probably best answered by BC.

Commented [EH1]: Barbara Ann, can you help with this please?

Newfoundland and Labrador Program

This year, Newfoundland and Labrador launched a down payment assistance program as a two-year pilot project. The program is closed for this fiscal year, with funding being exhausted. Property price eligibility was comparable to the proposed BC program after adjusting for house price differences between the two provinces. The program covered down payments of up to 5% of the property purchase price, charging interest at a maximum rate of prime minus one per cent, to be repaid gradually over time after five years from purchase.

<http://www.nlhc.nf.ca/programs/programsDap.html>

Commented [EH2]: Is this non-trad as well?

Chris Woodcock

From: Steven Mennill
Sent: November-01-16 5:55 PM
To: Chris Woodcock; Glen Trevisani
Subject: Fw: BC update

Please do not forward....

Steve Mennill
613-748-2772

From: Evan W Siddall <esiddall@cmhc-schl.gc.ca>
Sent: Tuesday, November 1, 2016 3:59 PM
To: Rochon, Paul (FIN); Stewart, Rob (FIN); Leah Anderson
Cc: Steven C Mennill; Kevin Wright
Subject: BC update

All,

Evan

Chris Woodcock

From: Christie Breton
Sent: November-01-16 12:02 PM
To: Chris Woodcock
Subject: Re: BC Assistance Program

Hi Chris,

Based on the fact that the down payment provided by the BC assistance program must be repaid at the end of the 5 years, this downpayment would be considered borrowed equity. In this case, at a minimum the repayment obligation should be calculated over 5 years for inclusion in the TDS calculation. For example, for a maximum purchase price of \$750,000 where the borrower receives 5% from the BC assistance program (\$37,500), the lender would be expected to include a repayment obligation of at least \$625 monthly in the TDS calculation.

See below - I have used the above spin to try to make the program unappealing to a new home buyer (i.e. would be more difficult to qualify). The only thing is we would need to add the borrowed equity clarification to our Handbook sooner rather than later. Lets chat when you have a chance to review.

How would CMHC treat the BC Home Purchase Assistance Program?

Where a CMHC insurance application is received for a home buyer utilizing the BC Home Purchase Assistance Program to satisfy CMHC's minimum equity requirements, the down payment would be considered borrowed equity and therefore the application would be subject to a premium surcharge for non-traditional equity sources.

In addition, for the purpose of calculating debt service ratios, borrowed equity is considered a debt obligation (in this case the loan must be repaid at the end 5 years) and therefore at a minimum the debt obligation should be amortized over 5 years and included in the TDS ratio calculation. CMHC's normally restricted Total Debt Service (TDS) ratio of 42 percent will apply.

How can CMHC assist BC Housing to make the BC Home Purchase Program more beneficial for the home buyer?

- remove the repayment obligation of the home buyer to have to repay the loan at the end of the 5 year term and only make payable when the property is sold
- change the repayment obligation of the home buyer to repay over the same amortization as the mortgage loan (i.e. 25 years), this would be more affordable for the homebuyer and if the property is sold prior to the 25 years, the obligation would be paid out from sale proceeds (this option would allow the borrower to qualify more easily so I am not sure that we want to go there)
- require the home buyer to satisfy CMHC's minimum equity requirements to be eligible for the additional assistance (this would eliminate the non trad premium surcharge but the debt obligation would still need to be included in the debt service ratios)

Christie Breton
Senior Analyst, Policy and Operations
Office of the VP, Insurance Operations
cbreton@cmhc-schl.gc.ca
Telephone: 613 748-2321
Facsimile: 613 748-2783
700 Montreal Road, A2-518, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

s.18(a)
s.21(1)(b)

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Christie Breton/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Date: 01/11/2016 10:13 AM
Subject: Re: BC Assistance Program

Would this be eligible for insurance?

A repayable down payment top up of 5% would be an acceptable down payment under CMHC's "non-traditional sources of downpayment" policy. We charge an extra premium in these cases (depending on LTV). There is obvious risk built into the program: the absence of a repayment plan could place borrowers in a difficult position where up to \$37,500 could be repayable in a lump sum at the end of five years. Typically this kind of loan would have fixed payments attached to make sure that there are not nasty surprises at the end.

How would repayment be captured in GDS/TDS?

We would expect that the repayments (loan / 60 months) be included in the debt servicing ratios under "all other debt"; however our policy is not explicit for this kind of scenario. We would (will?) need to put some thought into guidance for underwriters.

From: Christie Breton/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Date: 01/11/2016 10:12 AM
Subject: BC Assistance Program

Hi Chris, would you mind sending me the note you sent to Steve. Just for background. Thanks.

Christie Breton
Senior Analyst, Policy and Operations
Office of the VP, Insurance Operations
cbreton@cmhc-schl.gc.ca
Telephone: 613 748-2321
Facsimile: 613 748-2783
700 Montreal Road, A2-518, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Home Purchase Assistance Program

(Formerly the Downpayment Assistance Program or DAP)

Overview:

BC Housing will assist first-time home buyers by matching the amount they have saved for their downpayment with a 5 year no-interest and no-payment required loan. This loan can be up to 5 percent of the purchase price on properties costing \$750,000 or less and will be registered as a second mortgage. The loan must be repaid at the end of five years.

Program Duration:

- First application accepted: January 3, 2017
- Program duration: January 3, 2017 to March 31, 2020

Eligibility Criteria:

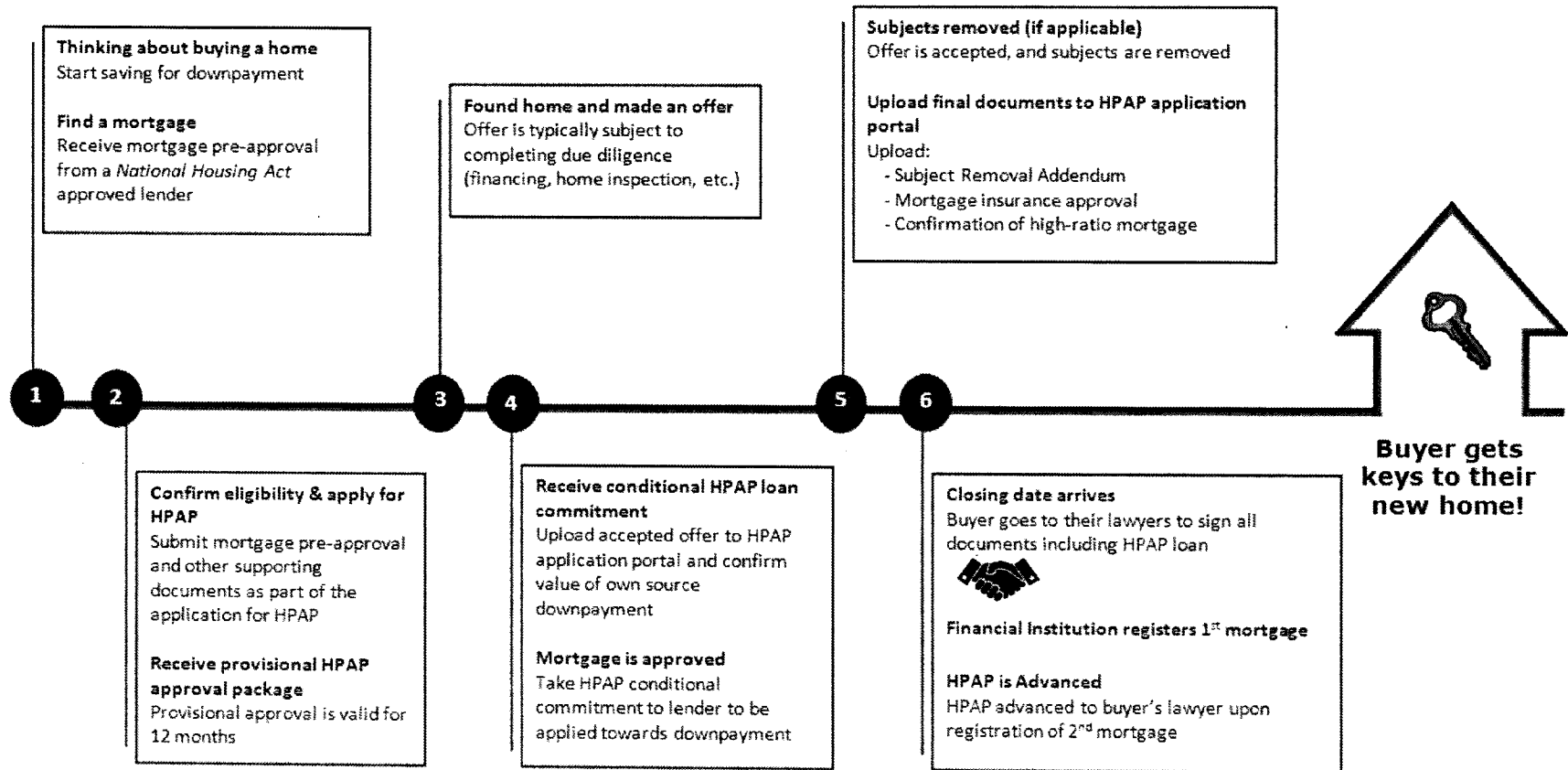
To qualify for HPAP, the home buyer must:

- Be a Canadian citizen or permanent resident and have filed Canadian tax returns for the last 2 years;
- Have been a British Columbia resident for 36 consecutive months before applying;
- Only use the property as their principal residence;
- Have never owned an interest in a principal residence anywhere in the world at any time;
- Have never received a first time home buyers' exemption or refund;
- Purchase a home that is \$750,000 or less;
- Obtain an insured first mortgage on the property for at least 80 percent of the purchase price; and
- Have a household income below \$150,000.

Home Purchase Assistance Program

(Formerly the Downpayment Assistance Program or DAP)

Key Steps for the Homeowner:



Chris Woodcock

From: Chris Woodcock
Sent: December-19-16 5:05 PM
To: Barbara Ann Touzel
Subject: Re: New B.C. First Time Buyers Provincial Program

B-A, thanks for responding to these. Please don't hesitate to tell me if you're out of the office and flip the items to Christie. I'll reroute traffic rather than pester you.

From: Barbara-Ann Touzel
Sent: Monday, December 19, 2016 2:47 PM
To: Chris Woodcock
Cc: cbreton@cmhc-schl.gc.ca
Subject: Fw: New B.C. First Time Buyers Provincial Program

Chirs - Here is suggested response to If you need changes, do not hesitate to follow up with Christie who is acting for me today,
Cheers,

Hi

given borrowers under the program can qualify for Mortgage Loan Insurance under our standard underwriting criteria. To be clear on what exactly that means in terms of application of criteria and premiums, please refer to the attached explanation and examples. We trust this will answer your questions.

Where a portion of the down payment originates from the B.C. Homeowner Mortgage and Equity Partnership Program, standard CMHC polices for homeowner loans will apply. Where the borrower utilizes the B.C. Program to satisfy CMHC's minimum equity requirements, the down payment is considered borrowed equity and is subject to a premium surcharge for non-traditional equity sources.

For the purpose of calculating debt service ratios, the loan provided to the borrower under the B.C. Program must be included in the Total Debt Service (TDS) ratio calculation and the monthly payment must be based on using the higher of the contract interest rate or Bank of Canada rate, and with a twenty year amortization of the B.C. loan amount.

Please refer to the BC website for details on their applicable contract interest rate on their second mortgage: <https://homeownerservices.bchousing.org/housing-assistance/bc-home-partnership/information-for-lenders.html> Their website, currently states that the contract rate for their second mortgage will be outlined in the Conditional Loan Approval letter to the Home buyer. and it will be Royal Bank of Canada Prime Rate plus 0.5% at each of the 10th, 15th and 20th anniversary dates.

Here are three examples of how CMHC would apply premiums based on current CMHC policy and premium schedule:

Example #1: Home purchase price - \$475,000

This first-time buyer has saved \$11,875 towards their down payment, or 2.5% of the home's purchase price. Through the program, the Province will contribute \$11,875, equal to the buyer's 2.5% down payment. This brings the total down payment to \$23,750 or 5% of the home's purchase price. This loan is interest and payment-free for the first five years. Non-traditional sources of equity are only available to borrowers who have good credit history and sufficient income to support their obligations under the mortgage. A minimum credit score of at least 650 is used as a guideline for satisfying this requirement.

Premium Calculation should be applied as follows:

Purchase Price: \$475,000

Minimum Equity Required: \$23,750 (i.e. 5% of \$475,000)

Down Payment Sources: \$11,875 Traditional & \$11,875 Non-traditional

Total Loan: \$451,250

LTV: 95%

To process (Non-traditional down payment source) indicator selected by Lender

Premium Rate Due: 3.85% (non-traditional source premium rate applied)

Example #2: Home purchase price - \$600,000

This first-time buyer has saved 5% of the home's purchase price towards their down payment, or \$30,000. For insurance, this transaction requires a 5% down payment for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$600,000 is \$35,000. This loan is interest and payment-free for the first five years.

The B.C. HOME Partnership program will meet this buyer's contribution of \$30,000, bringing their total down payment to \$60,000.

Premium Calculation should be applied as follows:

Purchase Price: \$600,000

Minimum Equity Required: \$35,000 (i.e. 5% of \$500,000 and 10% of \$100,000)

Down Payment: \$30,000 Traditional Source & \$30,000 Non-traditional Source

Total Loan: \$540,000

LTV: 90.0%*

*The LTV for Non-traditional sources of equity is limited to 90.01% to 95% therefore in this scenario, the borrower would either need to increase the down payment to meet the minimum equity required of \$35,000, OR the borrower could decrease the down payment to bring the LTV in line with the maximum available for non-traditional equity sources. If down payment is increased to \$35,000 (LTV 89.2%) CMHC's supplemental down payments premium calculation applies - in this case the down payment from traditional sources is less than 10 percent of the lending value therefore the premium must be calculated based on the LTV taking into consideration the down payment from traditional sources only. LTV based on traditional sources only is 94% Premium Rate Due: 3.60% (traditional sources)

Premium Rate Due if down payment is decreased to \$29,400 (LTV 90.01%): 3.85% (non-traditional sources)

Example #3: Home purchase price - \$750,000

The first-time buyer in this example has saved 7% of the home's purchase price as a down payment, or \$52,500.

A 5% down payment is required for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$750,000 is \$50,000.

The Province will meet the buyer's contribution up to 5% of the home's purchase price. In this example, the program will contribute \$37,500 towards the down payment, allowing this buyer to put a total of \$90,000 towards the down payment of their first home.

Premium Calculation should be applied as follows:

Purchase Price: \$750,000

Minimum Equity Required: \$50,000

Down Payment: \$52,500 Traditional Source & \$37,500 Non-Traditional Source

Total Loan Amount: \$660,000

LTV: 88%

CMHC's supplemental down payments premium calculation applies - in this case the down payment from traditional sources is less than 10 percent of the lending value therefore the premium must be calculated based on the LTV taking into consideration the down payment from traditional sources only.

LTV based on traditional sources only is 93%

Premium Rate Due: 3.60% (traditional sources)

Should you have any further questions regarding the program, do not hesitate to contact us.

----- Forwarded by Barbara-Ann Touzel/NAT/CMHC-SCHL/CA on 19/12/2016 02:36 PM -----

From: Glen V Trevisani/NAT/CMHC-SCHL/CA

To: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,

Date: 19/12/2016 02:19 PM

Subject: Fw: New B.C. First Time Buyers Provincial Program

FYI,

Not sure what our strategy is for addressing these questions.
please follow up with

Could someone

s.19(1)

Thanks

s.20(1)

s.21(1)(b)

Glen V Trevisani
Vice-President, Insurance Operations

Glen V Trevisani
Vice-président, Activités d'assurance

gtrevisa@cmhc-schl.gc.ca
Telephone: 613 748-4049
Facsimile: 613 748-2433
700 Montreal Road, A2-427, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

gtrevisa@cmhc-schl.gc.ca
Téléphone : 613 748-4049
Télécopieur : 613 748-2433
700, Chemin Montreal, A2-427, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

----- Forwarded by Glen V Trevisani/NAT/CMHC-SCHL/CA on 19/12/2016 02:11 PM -----

From:
To: "Glen Trevisani (gtrevisa@cmhc-schl.gc.ca)" <gtrevisa@cmhc-schl.gc.ca>,
Date: 19/12/2016 02:07 PM
Subject: New B.C. First Time Buyers Provincial Program

Hi Glen.

Is CMHC supporting the new B.C. First Time Buyers Program and if so will you be sending out policies with respect to qualification criteria?

Thanks

Chris Woodcock

From: Chris Woodcock
Sent: December-19-16 4:47 PM
To: Steven Mennill;
Cc: Glen Trevisani; Nathalie Fredette; Caroline Sanfacon
Subject: Re: BC Government Program

Hello I

I trust the following will answer your questions.

Where a portion of the down payment originates from the B.C. Homeowner Mortgage and Equity Partnership Program, standard CMHC policies for homeowner loans will apply. Where the borrower utilizes the B.C. Program to satisfy CMHC's minimum equity requirements (i.e., has not saved the full minimum down payment), the support from BC is considered borrowed equity and is subject to a premium surcharge for non-traditional equity sources.

For the purpose of calculating debt service ratios, the loan provided to the borrower under the B.C. Program must be included in the Total Debt Service (TDS) ratio calculation and the monthly payment must be based on using the higher of the contract interest rate or Bank of Canada rate, and with a twenty year amortization of the B.C. loan amount.

Please refer to the BC website for details on their applicable contract interest rate on their second mortgage:

<https://homeownerservices.bchousing.org/housing-assistance/bc-home-partnership/information-for-lenders.html>

The website currently states that the contract rate for their second mortgage will be outlined in the Conditional Loan Approval letter to the Home buyer. and it will be Royal Bank of Canada Prime Rate plus 0.5% at each of the 10th, 15th and 20th anniversary dates.

Here are 3 examples of how CMHC would apply premiums based on current CMHC policy and premium schedule:

Example #1: Home purchase price - \$475,000

This first-time buyer has saved \$11,875 towards their down payment, or 2.5% of the home's purchase price. Through the program, the Province will contribute \$11,875, equal to the buyer's 2.5% down payment. This brings the total down payment to \$23,750 or 5% of the home's purchase price. This loan is interest and payment-free for the first five years. Non-traditional sources of equity are only available to borrowers who have good credit history and sufficient income to support their obligations under the mortgage. A minimum credit score of at least 650 is used as a guideline for satisfying this requirement.

Premium Calculation should be applied as follows:

Purchase Price: \$475,000

Minimum Equity Required: \$23,750 (i.e. 5% of \$475,000)

Down Payment Sources: \$11,875 Traditional & \$11,875 Non-traditional

Total Loan: \$451,250

LTV: 95%

To process (Non-traditional down payment source) indicator selected by Lender

Premium Rate Due: 3.85% (non-traditional source premium rate applied)

Example #2: Home purchase price - \$600,000

This first-time buyer has saved 5% of the home's purchase price towards their down payment, or \$30,000. For insurance, this transaction requires a 5% down payment for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$600,000 is \$35,000. This loan is interest and payment-free for the first five years.

The B.C. HOME Partnership program will meet this buyer's contribution of \$30,000, bringing their total down payment to \$60,000.

Premium Calculation should be applied as follows:

Purchase Price: \$600,000

Minimum Equity Required: \$35,000 (i.e. 5% of \$500,000 and 10% of \$100,000)

Down Payment: \$30,000 Traditional Source & \$30,000 Non-traditional Source

Total Loan: \$540,000

LTV: 90.0%*

*The LTV for Non-traditional sources of equity is limited to 90.01% to 95% therefore in this scenario, the borrower would either

need to increase the down payment to meet the minimum equity required of \$35,000, OR the borrower could decrease the down payment to bring the LTV in line with the maximum available for non-traditional equity sources.

If down payment is increased to \$35,000 (LTV 89.2%) CMHC's supplemental down payments premium calculation applies - in this case the down payment from traditional sources is less than 10 percent of the lending value therefore the premium must be calculated based on the LTV taking into consideration the down payment from traditional sources only.

LTV based on traditional sources only is 94% Premium Rate Due: 3.60% (traditional sources)

Premium Rate Due if down payment is decreased to \$29,400 (LTV 90.01%): 3.85% (non-traditional sources)

Example #3: Home purchase price - \$750,000

The first-time buyer in this example has saved 7% of the home's purchase price as a down payment, or \$52,500.

A 5% down payment is required for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$750,000 is \$50,000.

The Province will meet the buyer's contribution up to 5% of the home's purchase price. In this example, the program will contribute \$37,500 towards the down payment, allowing this buyer to put a total of \$90,000 towards the down payment of their first home.

Premium Calculation should be applied as follows:

Purchase Price: \$750,000

Minimum Equity Required: \$50,000

Down Payment: \$52,500 Traditional Source & \$37,500 Non-Traditional Source

Total Loan Amount: \$660,000

LTV: 88%

CMHC's supplemental down payments premium calculation applies - in this case the down payment from traditional sources is less than 10 percent of the lending value therefore the premium must be calculated based on the LTV taking into consideration the down payment from traditional sources only.

LTV based on traditional sources only is 93%

Premium Rate Due: 3.60% (traditional sources)

Should you have any questions, do not hesitate to contact us.

Chris Woodcock

Director, Homeowner Policy and Operations

Canada Mortgage and Housing Corporation

613-748-2020

From: Steven C Mennill

Sent: Sunday, December 18, 2016 7:11 PM

To:

Cc: Chris Woodcock; Glen V Trevisani; Nathalie Fredette; Caroline Sanfacon

Subject: Re: BC Government Program

Hi

I have copied Chris Woodcock, our director of policy and operations who should be able to provide you with guidance on how we will process these loans.

Steve Mennill

613-748-2772

From:

Sent: Sunday, December 18, 2016 6:57 PM

To: smennill@cmhc-schl.gc.ca

Cc:

Subject: BC Government Program

s.18(a)
s.19(1)
s.20(1)
s.21(1)(a)

Good morning,

Can you advise if we will be receiving any updates form CMHC as to how the industry should be addressing this new BC Government program both form a CMHC submission / qualification process but also form a CMHC Premium perspective.

Many thanks....

Regards,

From: idauger@cmhc-schl.gc.ca [mailto:idauger@cmhc-schl.gc.ca] **On Behalf Of** smennill@cmhc-schl.gc.ca
Sent: December-01-16 7:16 AM
Subject:

message and any attachments may or may not be accurate.

s.20(1)

Chris Woodcock

From: Chris Woodcock
Sent: December-16-16 6:13 AM
To: Patricia Miceli
Subject: Re: Down Payment Assistance from B.C.

Hi Patricia. We've posted some info on IMS online to explain how we'll be dealing with it and will be following up with some QAs today.

We don't necessarily endorse the program, but it is within our existing policies so we will insure deals using the program if the borrower qualifies.

From: Patricia Miceli
Sent: Thursday, December 15, 2016 6:29 PM
To: Chris Woodcock
Subject: Fw: Down Payment Assistance from B.C.

Hi Chris,

Would you be able to provide a response to question below

Thanks
Patricia

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: !
Sent: Thursday, December 15, 2016 1:59 PM
To: 'pmiceli@cmhc-schl.gc.ca'
Subject: Down Payment Assistance from B.C.

A press release was issued today introducing a down payment assistance program from the B.C. government called the "BC Home Owner Mortgage and Equity Partnership Program". The government is basically matching the borrower's down payment up to \$37,500 for first time buyers in B.C. with a 25 year term second mortgage. No payments are required to be made and interest will not accrue until year six. I believe applications will be accepted beginning January 16, 2017. With the holiday season coming up we don't have much time should we choose to participate in this program to set up any IT changes that may be required to capture the second mortgage. To begin with, is this endorsed by CMHC? If so, will we be receiving any information and parameters for our underwriting unit in Vancouver?

Please advise on this as we expect calls to start coming

in.

Thanks so much.

Chris Woodcock

From: Chris Woodcock
Sent: December-15-16 2:57 PM
To: Barbara Ann Touzel
Cc: Brian Zhang; Christie Breton; Mike Nelson
Subject: Re: BC Announcement - Internal info and Q&As for our RUs

Minor changes below. please ensure the RVPs are copied on the final.

From: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA
To: Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL, Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Brian Zhang/NAT/CMHC-SCHL/CA@CMHC-SCHL, cbreton@cmhc-schl.gc.ca
Date: 15/12/2016 02:33 PM
Subject: BC Announcement - Internal info and Q&As for our RUs

Excellent Christie - thank you!

Mike & Chris - please review before we send to Doreen for inclusion in IMS. With translation to follow.

Background

The B.C. Government is launching a Homeowner Mortgage and Equity Partnership Program to assist first-time homebuyers residing in the province of B.C. to enter the housing market. The B.C. Program contributes to the amount first-time homebuyers have already saved for their down payment, matching up to \$37,500, or up to 5% of the purchase price, with a 25-year loan that is interest free and payment-free for the first five years. After the first five years, homebuyers will repay the loan over the remaining 20 years. To be eligible under the B.C. Program, buyers must be pre-approved for an insured high-ratio first mortgage (LTV >80%).



2016PREM0153-...

For further background and program eligibility refer to the links:

How should applications be treated where the down payment is being sourced from the B.C. Homeowner Mortgage and Equity Partnership Program?

Standard CMHC polices for homeowner loans will apply. For the purpose of calculating debt service ratios, the loan provided to the borrower under the B.C. Program must be included in the Total Debt Service (TDS) ratio calculation and the monthly payment must be based on using the higher of the contract interest rate or Bank of Canada rate, and with a twenty year amortization of the BC loan amount.

Where the borrower utilizes the BC Program to satisfy CMHC's minimum equity requirements, the down payment is considered borrowed equity and is subject to a premium surcharge for non-traditional equity sources. Note: The use of non-traditional sources of equity is limited to loan-to-value ratios between 90.01 percent and 95 percent.

Where the borrower satisfies CMHC's minimum equity requirements with their own resources (traditional sources) and also takes advantage of the down payment assistance provided by the BC Program, CMHC's supplemental down payments premium calculation applies.

•

Examples are provided below for further clarity that match the Backgrounder #2 included within the program link above:

Example #1: Home purchase price - \$475,000

This first-time buyer has saved \$11,875 towards their down payment, or 2.5% of the home's purchase price. Through the program, the Province will contribute \$11,875, equal to the buyer's 2.5% down payment. This brings the total down payment to \$23,750 or 5% of the home's purchase price, as required by Canada Mortgage and Housing Corporation. This loan is interest and payment-free for the first five years. Non-traditional sources of equity are only available to borrowers who have good credit history and sufficient income to support their obligations under the mortgage. A minimum credit score of at least 650 is used as a guideline for satisfying this requirement.

Premium Calculation should be applied as follows:

Purchase Price: \$475,000

Minimum Equity Required: \$23,750 (i.e. 5% of \$475,000)

Down Payment Sources: \$11,875 Traditional & \$11,875 Non-traditional

Total Loan: \$451,250

LTV: 95%

To process (Flexible Downpayment Source) indicator selected by Lender

Premium Rate Due: 3.85% (non-traditional source premium rate applied)

Example #2: Home purchase price - \$600,000

This first-time buyer has saved 5% of the home's purchase price towards their down payment, or \$30,000. Canada Mortgage and Housing Corporation requires a 5% down payment for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$600,000 is \$35,000. This loan is interest and payment-free for the first five years.

The B.C. HOME Partnership program will meet this buyer's contribution of \$30,000, bringing their total down payment to \$60,000, and enabling this buyer to purchase their first home as they had not yet saved the minimum down payment required to qualify for a insured first mortgage.

Premium Calculation should be applied as follows:

Purchase Price: \$600,000

Minimum Equity Required: \$35,000 (i.e. 5% of \$500,000 and 10% of \$100,000)

Down Payment: \$30,000 Traditional Source & \$30,000 Non-traditional Source

Total Loan: \$540,000

LTV: 90.0%*

*The LTV for Non-traditional sources of equity is limited to 90.01% to 95% therefore in this scenario, the borrower would either need to increase the down payment to meet the minimum equity required of \$35,000, OR the borrower could decrease the down payment to bring the LTV in line with the maximum available for non-traditional equity sources.

Premium Rate Due if down payment increased to \$35,000 (LTV 89.2%): 2.40% (traditional sources)

Premium Rate Due if down payment is decreased to \$29,400 (LTV 90.1%): 3.85% (non-traditional sources)

Example #3: Home purchase price - \$750,000

The first-time buyer in this example has saved 7% of the home's purchase price as a down payment, or \$52,500.

A 5% down payment is required for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$750,000 is \$50,000.

The Province will meet the buyer's contribution up to 5% of the home's purchase price. In this example, the program will contribute \$37,500 towards the down payment, allowing this buyer to put a total of \$90,000 towards the down payment of their first home.

Premium Calculation should be applied as follows:

Purchase Price: \$750,000

Minimum Equity Required: \$50,000

Down Payment: \$52,500 Traditional Source & \$37,500 Non-Traditional Source

Total Loan Amount: \$660,000

LTV: 88%*

CMHC's supplemental down payments premium calculation applies - in this case the down payment from traditional sources is less than 10 percent of the lending value therefore the premium must be calculated based on the LTV taking into consideration the down payment from traditional sources only.

LTV based on traditional sources only is 93%

Premium Rate Due: 3.60% (traditional sources)

Christie Breton

Senior Analyst, Policy and Operations

Office of the VP, Insurance Operations

cbreton@cmhc-schl.gc.ca

Telephone: 613 748-2321

Facsimile: 613 748-2783

700 Montreal Road, A2-518, Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

Chris Woodcock

From: Chris Woodcock
Sent: December-15-16 2:39 PM
To: Dan Maxwell
Cc: Caroline Sanfacon
Subject: CMHC Position on BC DownPayment Assistance Program.docx

Mr. Maxwell,

CMHC's formal response to BC Housing's Down Payment Assistance Program is attached.

Regards,

Chris Woodcock
Director, Homeowner Policy and Operations
Canada Mortgage and Housing Corporation



CMHC Position
on BC DownPay...



Mr. Dan Maxwell
Vice President of Corporate Services
and Chief Financial Officer
BC Housing

December 15, 2016

Dear Mr. Maxwell,

Thank you for the opportunity to review the draft Program Framework for the Down Payment Assistance Program. CMHC has reviewed the information provided and confirms that the Program does not violate CMHC's current policies for Homeowner Mortgage Insurance.

Standard CMHC policies for homeowner loans will apply to applications for insurance submitted through the Program.

It is important to note that although the Program references a 5% down payment, the minimum down payment is 5% up to \$500,000 and 10% on any portion of the purchase price that exceeds \$500,000. CMHC applies a premium surcharge where the borrower does not fully meet the minimum down payment without assistance, such as a situation where the borrower only has 5% towards a home costing more than \$500,000. This is considered to be a "non-traditional" source of equity. Non-traditional sources of equity are only available to borrowers who have good credit history and sufficient income to support their obligations under the mortgage. Currently, a minimum credit score of at least 650 is used as a guideline for satisfying this requirement.

For the purpose of calculating debt service ratios at the time of the mortgage insurance application, loans under the Program are considered a debt obligation and must be included in the borrower's Total Debt Service (TDS) ratio calculation. CMHC's debt servicing requirements require Lenders to factor at least a monthly payment based on a twenty year amortization of the loan amount into TDS using the higher of the contract interest rate or Bank of Canada rate. In this case, twenty years refers to the Program loan amortization period, minus the five years with no principal and interest payments.

The Program Framework indicates the loan is due and payable in full upon transfer of the home or change of ownership (including addition of a person to title). CMHC's policy on assumptions permits a new borrower to assume the same insured loan on the same property or release the covenant of the original borrower provided the new borrower is at least as financially strong as the original borrower.

We suggest consideration be given to accommodate situations where assumptions may be permitted under the Program terms. This can be useful in preventing borrower defaults.

Lastly, CMHC requests that the Program principles include an insured residential first mortgage from a National Housing Act (NHA) Approved Lender.

Sincerely,

(Original Signed By)

Chris Woodcock
Director, Homeowner Policy and Operations
Canada Mortgage and Housing Corporation

Chris Woodcock

From: Chris Woodcock
Sent: December-15-16 10:08 AM
To: Barbara Ann Touzel
Cc: Caroline Sanfacon; Mike Nelson
Subject: Re: Response to BC

We would qualify on 20 years, since no payments are required for the first five

From: Barbara-Ann Touzel
Sent: Thursday, December 15, 2016 9:13 AM
To: Chris Woodcock
Cc: Caroline Sanfacon; Mike Nelson
Subject: Fw: Response to BC

Hi I need this detail, to finalize a related Q&A for our staff on program. Please can you confirm what was communicated to date to BC (verbal or in email), regarding what amortization period we would use to qualify borrower, in terms of second mortgage inclusion in determining ratios i.e.

QUESTION 1:

A) up to 20 years (given after 5 years, borrower will have a remaining amortization of 20 years to repay)

OR

B) up to 25 years (lower monthly payment - more flexible, and recognizes borrower could begin repayment if he chooses in first year within IAD).

QUESTION 2:

Please confirm we are only including 2nd mortgage repayment in TDS, not GDS. Letter currently suggest only TDS, like all other debts not related to current 1st mortgage.

Barbara-Ann Touzel
Acting Manager, Homeowner Policy
Office of the VP, Insurance Operations
btouzel@cmhc-schl.gc.ca
Telephone: 613 748-4813
Facsimile: 613 748-2783
700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Everything you need to open new doors.

Barbara-Ann Touzel
Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)
Bureau du vice-président, Activités d'assurance
btouzel@cmhc-schl.gc.ca
Téléphone : 613 748-4813
Télécopieur : 613 748-2783
700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

La clé qui ouvre de nouvelles portes.

----- Forwarded by Barbara-Ann Touzel/NAT/CMHC-SCHL/CA on 15/12/2016 09:04 AM -----

From: Glen V Trevisani/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl, Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl, Caroline Sanfacon/BCY/CMHC-SCHL/CA@cmhc-schl,
Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@cmhc-schl, Mike Nelson/BCY/CMHC-SCHL/CA@cmhc-schl
Date: 14/12/2016 07:23 PM
Subject: Re: Response to BC

Thanks Chris,

Just a couple of comments.

In the paragraph on TDS, can we be clearer on what we mean when we say the " highest potential monthly repayment amount"? Can we just say that the payment will be based on a twenty year amort using the higher of the contract rate and benchmark?

The use of capital "P" in the Program is not consistent. Last paragraph uses both upper and lower case when talking about program terms.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Chris Woodcock

Sent: Wednesday, December 14, 2016 5:08 PM

To: Glen V Trevisani; smennill@cmhc-schl.gc.ca; Caroline Sanfacon

Cc: Barbara-Ann Touzel; Mike Nelson

Subject: Response to BC

Steve, Glen, Caroline,

Attached to this email is the draft reply to BC regarding their down payment assistance program. I wanted to share the language in advance to ensure we are all on the same page with regard to the language and tone.

Please let me know if you have any comments. We can send it to BC tomorrow once final.

Chris

(See attached file: CMHC Response BC DAPV3.docx)

Chris Woodcock

From: Chris Woodcock
Sent: December-14-16 9:53 PM
To: Barbara Ann Touzel
Subject: Fw: Response to BC
Attachments: BCHMC deposit program.docx

See attached. Who usually signs such a letter? Me? Can we confirm exactly how we'll communicate these requirements to lenders? should we insert a line saying lenders need to submit under our Flexdown policy?

From: Chris Woodcock <cwoodcoc@cmhc-schl.gc.ca>
Sent: Wednesday, December 14, 2016 9:45 PM
To: Glen V Trevisani; Steven C Mennill; Caroline Sanfacon
Subject: Response to BC

Here is a revised version based on Glen's comments and another exchange with Louise Michel in case you want to reply to Evan with it saying it will go out tomorrow.

They shouldn't have an issue with anything else in the letter.

Chris Woodcock

From: Chris Woodcock
Sent: December-14-16 9:51 PM
To: Barbara Ann Touzel
Subject: Fw: CMHC Response BC DAPV3.docx

Barbara-Ann, would the second mortgage be included in GDS also?

From: Chris Woodcock <cwoodcoc@cmhc-schl.gc.ca>
Sent: Wednesday, December 14, 2016 9:49 PM
To: Louise Michel
Cc: Barbara-Ann Touzel; Christie Breton
Subject: Re: CMHC Response BC DAPV3.docx

Thanks Louise. I could see the changes you made but not any comments on the margin.

From: Louise Michel
Sent: Wednesday, December 14, 2016 8:18 PM
To: Chris Woodcock
Cc: Barbara-Ann Touzel; Christie Breton
Subject: Re: CMHC Response BC DAPV3.docx

Please see attached comments for your consideration. Glad to discuss.

(See attached file: BCHMC deposit program.docx)



NEWS RELEASE

For Immediate Release
2016PREM0153-002759
Dec. 15, 2016

Office of the Premier
Ministry of Natural Gas Development
and Responsible for Housing

New program partners with first-time homebuyers as they enter the housing market

VANCOUVER – If you're entering the market to buy your first home, the B.C. government is launching a new program to partner with you on the down payment for your mortgage, B.C. Premier Christy Clark announced today.

"We believe every British Columbian deserves a place to call home," said Premier Christy Clark. "We've invested in affordable rental housing, we've invested in transitional and emergency housing, and now we're partnering with first-time buyers to make the purchase of their first home more affordable."

Saving for a mortgage down payment can be hard for first-time homebuyers. The B.C. Home Owner Mortgage and Equity Partnership program contributes to the amount first-time homebuyers have already saved for their down payment, providing up to \$37,500, or up to 5% of the purchase price, with a 25-year loan that is interest-free and payment-free for the first five years. Through the B.C. HOME Partnership program, the Province is investing about \$703 million over the next three years to help an estimated 42,000 B.C. households enter the market for the first time.

"The first step into the market can be the hardest step, so our government will partner with homebuyers to help them achieve their minimum down payment," said Rich Coleman, Minister of Natural Gas Development and minister Responsible for Housing. "This partnership can help lower their monthly costs in the first five years, and help make home ownership more affordable. This partnership program is another important way we're taking action on housing affordability."

During the first five years, no monthly interest or principal payments are required as long as the home remains the homebuyer's principal residence. After the first five years, homebuyers begin making monthly payments at current interest rates. Homebuyers will repay the loan over the remaining 20 years, but may make extra payments or repay it in full at any time without penalty. The loan must be repaid in full when the home is sold or transferred to another owner.

To be eligible, buyers must be preapproved for an insured high-ratio first mortgage (mortgage down payment is less than 20% of the home price). On completion of the sale, program funds will be advanced and the loan will be registered as a second mortgage on the property's title.

Other programs are available to help first-time buyers save on property transfer tax. The First Time Home Buyers Program can save first-time buyers up to \$7,500 when purchasing a home valued up to \$475,000. Or, first-time buyers can access the Newly Built Homes Exemption, which can save buyers up to \$13,000 in property transfer tax when purchasing a newly

constructed or subdivided home worth up to \$750,000.

The B.C. Home Owner Mortgage and Equity Partnership program will start accepting applications Jan. 16, 2017.

Key Facts:

The Province's commitment to housing action is driven by six key principles:

- Ensuring the dream of home ownership remains within the reach of the middle class
 - Increasing housing supply
 - Smart transit expansion
 - Supporting first-time home buyers
 - Ensuring Consumer Protection
 - Increasing rental supply
- The B.C. government has committed \$855 million over five years, including \$575 million this year, to support the construction or renovation of 4,900 units of affordable housing throughout the province.
- Since 2001, the B.C. government has invested \$4.9 billion to provide affordable housing for low income individuals, seniors and families.
- More than 104,000 B.C. households benefit from a diverse range of provincial housing programs and services.

Learn More:

Learn how to apply: https://news.gov.bc.ca/files/Housing_Campaign_HOME.pdf

To learn more about the Province's actions on housing affordability, visit:
<http://housingaction.gov.bc.ca/>

For additional details about the B.C. Home Owner Mortgage and Equity Partnership program, please visit: <https://homeownerservices.bchousing.org/>

B.C. Home Owner Mortgage and Equity Partnership program, BC Housing:

Phone: 604-439-4727

Toll Free Number: 1-844-365-4727

Media Contacts:

Stephen Smart
Press Secretary
Office of the Premier
778 389-6202

Ally Skinner-Reynolds
BC Housing
604 456-8895
604 209-4399

Darren Beaupre
Ministry of Natural Gas Development
and Responsible for Housing
250 356-5892
250 213-3334

Connect with the Province of B.C. at: www.gov.bc.ca/connect

BACKGROUND 1

For Immediate Release
2016PREM0153-002759
Dec. 15, 2016

Office of the Premier
Ministry of Natural Gas Development
and Responsible for Housing

B.C. Home Owner Mortgage and Equity Partnership program details

Am I eligible for a partnership loan?

The program supports eligible first-time homebuyers who are approved for an insured high-ratio first mortgage. To qualify for the program, all individuals on title must:

- Have been a Canadian citizen or permanent resident for at least five years.
- Have resided in British Columbia for at least one year immediately preceding the date of application.
- Be a first-time buyer who has not owned an interest in a residence anywhere in the world at any time.
- Use the property as their principal residence for the first five years.
- Purchase a home that has a purchase price of \$750,000 or less (excluding taxes and fees).
- Obtain a high-ratio insured first mortgage on the property for at least 80% of the purchase price.
- Have a combined, gross household income of all individuals on title not exceeding \$150,000.
- Have saved a down payment amount at least equal to the loan amount for which the buyer applied.

What do I do and how do I apply?

Step 1: Get preapproval for an insured first mortgage from your financial lending institution.

Step 2: Apply to BC Housing for the B.C. Home Owner Mortgage and Equity Partnership program loan. If you are eligible, you will receive confirmation of eligibility and Homebuyer's Kit, which includes information for your lender, real estate licensee, and lawyer/notary public.

Step 3: Find your home and provide the details of your planned purchase to BC Housing for approval.

Applications for the program will be accepted starting Jan. 16, 2017, for purchases that will close on or after Feb. 15, 2017.

What information will I need to apply?

Buyers can begin gathering the documents they'll need to submit an online application. Buyers will need:

1. Proof of status in Canada and residency in British Columbia.

Chris Woodcock

From: Chris Woodcock
Sent: December-14-16 9:28 PM
To: Barbara Ann Touzel
Subject: Re: Reactive Lines on BC Program

Hi just saw this. I'm fine with just sending the link rather than a separate summary.

From: Barbara-Ann Touzel
Sent: Wednesday, December 14, 2016 6:53 PM
To: Christopher Gibbs
Cc: Chris Woodcock; cbreton@cmhc-schl.gc.ca
Subject: Fw: Reactive Lines on BC Program

Chris G - For the program, I think we should have an electronic link to their website once announced. Otherwise we may misrepresent it. Combine that with a Q&A for internal on how to underwrite it, and the Public Affairs message for external. What do you think.

----- Forwarded by Barbara-Ann Touzel/NAT/CMHC-SCHL/CA on 14/12/2016 06:48 PM -----

From: Nathalie Fredette/QUE/CMHC-SCHL/CA
To: Scott Drover/NAT/CMHC-SCHL/CA@CMHC-SCHL, Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL, Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Charles Daniel Mainville/PRA/CMHC-SCHL/CA@CMHC-SCHL, Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL, Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Daina Boyd/BCY/CMHC-SCHL/CA@CMHC-SCHL, Hemesh Parbhu/BCY/CMHC-SCHL/CA@CMHC-SCHL, Christopher Gibbs/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 14/12/2016 05:47 PM
Subject: Re: Fw: Reactive Lines on BC Program

Hi Scott and Chris,

I have not discussed with Hemesh and perhaps this is already planned. It would be important not only that we provide a message, but that we provide client facing staff with a concise summary of the program and of our position and policy. Our staff need quick access to information and I think this should be a best practice when possible.

Scott, I agree with the direction you are taking with Caroline's suggestion. While we might need some supporting messages,

I would also like you to please keep Chris Gibbs involved or at least in the loop because his team is responsible for insurance messaging. While more regional in nature, I think that this should be integrated in our messaging platform and posted on IMS online. Not sure my comment is relevant for this instance, but since most lenders operate nationally, headoffices are often concerned with provincial or regional programs and make decisions across the country.

Thanks
 Nathalie

Nathalie Fredette
 V-P, Gestion des relations avec les clients
 Gestion des relations - clients d'assurance

Nathalie Fredette
 Vice President, Client Relationship Management
 Insurance Client Relationship Management

nfredett@cmhc-schl.gc.ca
Téléphone : 514 283-5075
Télécopieur :
1100, Boul. René-Lévesque Ouest, 1^{er} Etage, Montréal, QC, H3B 5J7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

nfredett@cmhc-schl.gc.ca
Telephone: 514 283-5075
Facsimile:
1100 René-Lévesque Blvd West, 1st Floor, Montreal, QC, H3B 5J7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Scott Drover---2016-12-14 16:07:05---Hi Caroline - I've added Hemesh and Nathalie to this email now too given the possible CRM implicatio

De : Scott Drover/NAT/CMHC-SCHL/CA
A : Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL,
Cc : Charles Daniel Mainville/PRA/CMHC-SCHL/CA@CMHC-SCHL, Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL, Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Daina Boyd/BCY/CMHC-SCHL/CA@CMHC-SCHL, Hemesh Parbhu/BCY/CMHC-SCHL/CA@CMHC-SCHL, Nathalie Fredette/QUE/CMHC-SCHL/CA@CMHC-SCHL
Date : 2016-12-14 16:07
Objet : Re: Fw: Reactive Lines on BC Program

Hi Caroline - I've added Hemesh and Nathalie to this email now too given the possible CRM implication.

I spoke with Daina and was able to get a copy of the information on the program. Thanks!

I also spoke with Barb in HO policy to get a better understanding of our position. Based on my understanding, I think from a Public Affairs and media relations perspective we should stick pretty close to this:

- *The Program does not violate CMHC's current policies for Homeowner Mortgage Insurance. Standard CMHC polices for homeowner loans will apply.*

The more detailed MLI policy details will need to be interpreted by Chris and his team though.

If you think there's something missing from my end, I'm happy to continue to working on this with you. Please let me know.

Scott

Caroline Sanfacon---14/12/2016 02:27:23 PM---HI Scott, the announcement is scheduled for Friday and I would like to ensure we are ready ahead of

From: Caroline Sanfacon/BCY/CMHC-SCHL/CA
To: Scott Drover/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL, Charles Daniel Mainville/PRA/CMHC-SCHL/CA@CMHC-SCHL
Date: 14/12/2016 02:27 PM
Subject: Fw: Reactive Lines on BC Program

Hi Scott,

the announcement is scheduled for Friday and I would like to ensure we are ready ahead of the announcement with media lines and 1 or 2 key messages for staff (incl staff outside insurance in MAC for example).

Are you looking for further clarification/information? Would it be possible to get something we can share ahead of the meeting?

Caroline

Chris Woodcock

From: Chris Woodcock
Sent: November-29-16 6:27 PM
To: Romy Bowers
Subject: Re: Comments on draft reply to BC?

Yes it was. Evan tweaked it slightly then sent it today.
I'll flip you a copy.

From: Romy Bowers
Sent: Tuesday, November 29, 2016 5:49 PM
To: Chris Woodcock
Subject: Re: Comments on draft reply to BC?

Chris,

Do you know if this response was finalized? I had only minor comments but did not want to send if the email had already been sent.

Thanks.

R

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Chris Woodcock
Sent: Monday, November 28, 2016 11:28 PM
To: Evan W Siddall
Cc: Glen V Trevisani; Kevin Wright; Romy Bowers; Steven C Mennill
Subject: Re: Comments on draft reply to BC?

Evan,

Some suggestions below. It becomes a longer reply but addresses some points head on. We can flesh out the options below for BC Housing staff if they want to pursue.

Chris

Shayne,

As we have discussed, CMHC operates its mortgage insurance businesses within parameters specified by the Minister of Finance. Further, we employ risk management discipline to ensure we are engage in prudent underwriting. We are subject to annual reviews by OSFI and conform to their Guideline B-21 concerning "Residential Mortgage Insurance Underwriting Practices and Procedures." Consistent application of our risk management practices is necessary for us to protect taxpayers from undue losses via CMHC. There are some design issues with British Columbia's proposed program that would amplify this risk compared to a typical high ratio mortgage.

The refinancing prohibition applies is not CMHC policy. With our support, the Minister promulgated

this restriction. The logic is that people should be incented to increase mortgage equity above 20%, not be able to refinance with government support. And in fact the refi business was very risky territory.

We do impose a premium surcharge where down payments are borrowed or from "non-traditional" sources. This additional premium covers the higher risk of default that is associated with reduced borrower stake in the property.

The interest rate calculation that you mentioned is known as the mortgage rate stress test. The test involves including the higher of the contract interest rate or the Bank of Canada benchmark rate when calculating debt service ratios. Since October it is now applied across the industry when qualifying all high ratio mortgages and is not linked to the borrowed down payment issue.

The proposed repayment arrangements would create risk for us. A five year period with no payments, followed by a fixed repayment creates risk of payment shock for borrowers. To make sure borrowers could afford this scenario we would qualify using the highest potential monthly payment in this arrangement.

to make sure we aren't insuring excessively risky mortgages/borrowers. Given our published concerns about house price values in Vancouver, BC would not be at the front of the line as a candidate for an exception. Regardless, I don't see us granting regional exceptions. Since other provinces will insist on equal treatment, that's tantamount to changing our policies and practices nationally.

I have written elsewhere, through speeches and an OpEd article, about vulnerabilities in Canadian housing markets, notably including Vancouver's. You will hear more from me on Wednesday in Vancouver where I will reiterate our concern that more demand only pushes prices higher given the weak and lagging supply response in housing markets.

I would therefore urge you to reconsider policies that lure the most vulnerable Canadians into increasing their exposure to the Vancouver housing market. I am by no means a lone voice. I believe the Superintendent of Financial Institutions signaled similar concerns in a speech today in Vancouver. The Bank of Canada is already on record, calling housing vulnerabilities their top domestic concern, and the OECD re-joined the chorus today.

That said,

As discussed previously, this could be done as a non-repayable grant, with a secondary loan that is activated only if the property is sold.

these options would help mitigate the increased risk of down payment assistance and would be less impactful for the borrower being qualified.

I hope this helps explain our perspective.

Evan

Evan W Siddall---28/11/2016 10:19:01 PM---Evan...as we have discussed, the Province of British Columbia plans to introduce a program to make housing more affordable for

From: Evan W Siddall/NAT/CMHC-SCHL/CA
To: Steven C Mennill/NAT/CMHC-SCHL/CA@cmhc-schl, Romy Bowers/NAT/CMHC-SCHL/CA@cmhc-schl, Kevin Wright/NAT/CMHC-SCHL/CA@cmhc-schl,
Chris Woodcock/NAT/CMHC-SCHL/CA@cmhc-schl, Glen V Trevisani/NAT/CMHC-SCHL/CA@cmhc-schl,
Date: 28/11/2016 10:19 PM
Subject: Comments on draft reply to BC?

Shayne,

As we have discussed, CMHC operates its mortgage insurance businesses within parameters specified by the Minister of Finance. Further, we employ risk management discipline to ensure we engage in prudent underwriting. We are subject to annual reviews by OSFI and conform to their Guideline B-21 concerning "Residential Mortgage Insurance Underwriting Practices and Procedures." Consistent application of our risk management practices is necessary for us to protect taxpayers from undue losses via CMHC.

The refinancing prohibition is not CMHC policy. With our support, the Minister promulgated this restriction. The logic is that people should be incented to increase mortgage equity above 20%, not be able to refinance with government support. And in fact the refi business was very risky territory.

These are risk management provisions we use to make sure we aren't insuring excessively risky mortgages/borrowers. Given our published concerns about house price values in Vancouver, BC would not be at the front of the line as a candidate for an exception. Regardless, I don't see us granting regional exceptions. Since other provinces will insist on equal treatment, that's tantamount to changing our policies and practices nationally.

I have written elsewhere, through speeches and an OpEd article, about vulnerabilities in Canadian housing markets, notably including Vancouver's. You will hear more from me on Wednesday in Vancouver where I will reiterate our concern that more demand only pushes prices higher given the weak and lagging supply response in housing markets.

I would therefore urge you to reconsider policies that lure the most vulnerable Canadians into increasing their exposure to the Vancouver housing market. I am by no means a lone voice. I believe the Superintendent of Financial Institutions signaled similar concerns in a speech today in Vancouver. The Bank of Canada is already on record, calling housing vulnerabilities their top domestic concern, and the OECD re-joined the chorus today.

That said,

I hope this helps explain our perspective.

Evan

From: Shayne Ramsay
Sent: Wednesday, November 23, 2016 7:29 PM

To: 'esiddall@cmhc-schl.gc.ca'

Subject: British Columbia's first time home buyers assistance program

Evan...as we have discussed, the Province of British Columbia plans to introduce a program to make housing more affordable for first time home buyers. This program will assist first time home buyers increase the amount of money they can put towards a down payment when they buy a home. We are aware that CMHC charges home buyers higher mortgage loan insurance premiums when they use non-traditional down payments. Similarly, we understand CMHC imputes an interest rate on non-traditional down payments in calculating the debt service ratio for the home buyer. We are asking CMHC to treat assistance under our down payment assistance program as it treats traditional down payments and not charge higher than normal premiums and to not impute an interest rate on that assistance when calculating the debt service ratio. Furthermore, we understand that changes to be introduced at the end of November will not permit re-financing of CMHC insured mortgages at renewal. Our program was premised on the assumption that the no interest no payment second mortgage assistance provided by BC could be rolled into the first insured mortgage at renewal typically after the 5th year. We would ask that CMHC make an exception for the BC down payment assistance program and permit these refinancings.

Happy to chat further about this.

Regards,

Shayne



BACKGROUND 2

For Immediate Release
2016PREM0153-002759
Dec. 15, 2016

Office of the Premier
Ministry of Natural Gas Development
and Responsible for Housing

Support for first-time buyers using the B.C. Home Owner Mortgage and Equity Partnership program

Example #1: Home purchase price – \$475,000

This first-time buyer has saved \$11,875 towards their down payment, or 2.5% of the home's purchase price. Through the program, the Province will contribute \$11,875, equal to the buyer's 2.5% down payment. This brings the total down payment to \$23,750 or 5% of the home's purchase price, as required by Canada Mortgage and Housing Corporation. This loan is interest and payment-free for the first five years.

As a first-time buyer, this person can also qualify for the First Time Home Buyer's exemption for the Property Transfer Tax, saving: \$7,500.

The B.C. HOME Partnership program enabled this buyer to purchase their first home as this buyer did not have the minimum down payment saved to qualify for an insured first mortgage.

Example #2: Home purchase price – \$600,000

This first-time buyer has saved 5% of the home's purchase price towards their down payment, or \$30,000. Canada Mortgage and Housing Corporation requires a 5% down payment for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$600,000 is \$35,000. This loan is interest and payment-free for the first five years.

If this is a newly built home, the buyer can also qualify for the Newly Built Home Exemption for the Property Transfer Tax, saving: \$10,000.

The B.C. HOME Partnership program will meet this buyer's contribution of \$30,000, bringing their total down payment to \$60,000, and enabling this buyer to purchase their first home as they had not yet saved the minimum down payment required to qualify for a insured first mortgage.

Example #3: Home purchase price – \$750,000

The first-time buyer in this example has saved 7% of the home's purchase price as a down payment, or \$52,500.

Canada Mortgage and Housing Corporation requires a 5% down payment for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$750,000 is \$50,000.

The Province will meet the buyer's contribution up to 5% of the home's purchase price. In this

example, the program will contribute \$37,500 towards the down payment, allowing this buyer to put a total of \$90,000 towards the down payment of their first home.

Assuming a 3% interest rate, this buyer will save \$5,201 in interest payments during the first five years of their mortgage compared to if the buyer had purchased the home without the program.

In addition, if this is a newly built home, the buyer can also qualify for the Newly Built Home Exemption for the Property Transfer Tax, saving: \$13,000.

Media Contacts:

Stephen Smart
Press Secretary
Office of the Premier
778 389-6202

Ally Skinner-Reynolds
BC Housing
604 456-8895
604 209-4399

Darren Beaupre
Ministry of Natural Gas Development
and Responsible for Housing
250 356-5892
250 213-3334

Connect with the Province of B.C. at: www.gov.bc.ca/connect

Jeanna Pitman

From: Mike Nelson
Sent: December-16-16 10:45 PM
To: Barbara Ann Touzel
Cc: Brian Zhang; Christie Breton; Chris Woodcock
Subject: Re: Fw: B.C. Home Owner Mortgage and Equity Partnership program- How to Process Applications

Hi Barbara-Ann, our letter to the Province stated:

"CMHC's debt servicing requirements require Lenders to factor at least a monthly payment based on a twenty year amortization of the loan amount into TDS using the higher of the contract interest rate or Bank of Canada rate."

In terms of qualifying rate, this is the same methodology the lender would be using on their first.

In my view, this same method should apply to the 2nd. If the contract rate on the first is higher than the BoC rate (unlikely) they should be using the same qualification rate on the 2nd. In the absence of a rate (which is likely the cause of questions as there is no P&I for 5 years) use BoC based on a 20 year amort..

In the short call with the Province there was no discussion on qualifying rates. I checked deck Caroline sent on BCH's consultation with lenders and they reference the 1st mortgage rate at the reset periods - so the above would be consistent.

Have a good weekend.

Mike Nelson
Regional Manager, Homeowner Underwriting (West)
Office of the VP, Insurance Operations
mnelson@cmhc.ca
Telephone: 604 737-4035
Facsimile: 604 714-3701
1111 West Georgia, Suite 2000, Vancouver, BC, V6E 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Mike Nelson
Gestionn. rég., Souscription log. p.-o. Ouest
Bureau du vice-président, Activités d'assurance
mnelson@cmhc.ca
Téléphone : 604 737-4035
Télécopieur : 604 714-3701
1111 Chemin Georgia O, Porte 2000, Vancouver, BC, V6E 4M3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

From: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA
To: Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Brian Zhang/NAT/CMHC-SCHL/CA@CMHC-SCHL, cbreton@cmhc-schl.gc.ca
Date: 16/12/2016 05:47 PM
Subject: Fw: B.C. Home Owner Mortgage and Equity Partnership program- How to Process Applications

Hi Mike:

Did they ever discuss with BC, what rate would be applied on the 2nd mortgage? See below. There are others asking same to our KAMs and RUs .

----- Forwarded by Barbara-Ann Touzel/NAT/CMHC-SCHL/CA on 16/12/2016 08:41 PM -----

From: Hemesh Parbhu/BCY/CMHC-SCHL/CA
To: Christie Breton/NAT/CMHC-SCHL/CA@CMHC-SCHL,

Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Doreen Lipovski/NAT/CMHC-SCHL/CA@CMHC-SCHL, Helene M Gagnon/NAT/CMHC-SCHL/CA@CMHC-SCHL, Pascale J Lalonde/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 16/12/2016 06:31 PM
Subject: Re: Fw: B.C. Home Owner Mortgage and Equity Partnership program- How to Process Applications

Hi Christie,

I am getting some questions as to what the qualifying rate will be on the 20 year amortizing loan (2nd Mtg). There is some literature out there that suggests prime + 0.5 as the actual rate and the BoC benchmark rate as the qualifying rate, but I have not been able to find it in the BC Gov literature.

Do you have any info on this?

Thanks,

Hemesh Parbhu
Regional Manager, Client Relations
BC Region
hparbhu@cmhc.ca | tel: 604.737.4120 | fax: 604.737.4122
1111 West Georgia Street, Suite 2000 - Vancouver BC, V6E 4M3
Canada Mortgage and Housing Corporation | www.cmhc.ca

From: Christie Breton/NAT/CMHC-SCHL/CA
To: Pascale J Lalonde/NAT/CMHC-SCHL/CA@CMHC-SCHL, Helene M Gagnon/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Hemesh Parbhu/BCY/CMHC-SCHL/CA@CMHC-SCHL,
Doreen Lipovski/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 16/12/2016 12:20 PM
Subject: Fw: B.C. Home Owner Mortgage and Equity Partnership program- How to Process Applications

Hi Pascale, please see edits to the BC Program (we spotted an error in one of the calculations). Can you please correct the English formatted version and re-send the edits to translation? Thanks.

Christie Breton
Senior Analyst, Policy and Operations
Office of the VP, Insurance Operations
cbreton@cmhc-schl.gc.ca
Telephone: 613 748-2321
Facsimile: 613 748-2783
700 Montreal Road, A2-518, Ottawa, ON, K1A 0P7
[Canada Mortgage and Housing Corporation \(CMHC\)](http://www.cmhc.ca)
www.cmhc.ca

Hi Pascale & Helene:

Here is the recommended text to assist RUs with how to process the recently announced BC Government program. We developed this as an Internal Q&A to complement the external media relations messages supplied to your team already accompanying this announcement. Please place it on appropriate letterhead, and also issue to translation for French version.

Thanks in advance.

INTERNAL - BACKGROUNDER AND Q&A

On December 15, 2016, the B.C. Government announced that it is launching a Homeowner Mortgage and Equity Partnership Program to assist first-time homebuyers residing in the province of B.C. to enter the housing market. The

B.C. Program contributes to the amount first-time homebuyers have already saved for their down payment, matching up to \$37,500, or up to 5% of the purchase price, with a 25-year loan that is interest free and payment-free for the first five years. After the first five years, homebuyers will repay the loan over the remaining 20 years. To be eligible under the B.C. Program, buyers must be pre-approved for an insured high-ratio first mortgage (LTV >80%).

For further background and program eligibility criteria refer to the attachment and included links:

How should applications be treated where the down payment is being sourced from the B.C. Homeowner Mortgage and Equity Partnership Program?

Standard CMHC polices for homeowner loans will apply. For the purpose of calculating debt service ratios, the loan provided to the borrower under the B.C. Program must be included in the Total Debt Service (TDS) ratio calculation and the monthly payment must be based on using the higher of the contract interest rate or Bank of Canada rate, and with a twenty year amortization of the BC loan amount.

Where the borrower utilizes the BC Program to satisfy CMHC's minimum equity requirements, the down payment is considered borrowed equity and is subject to a premium surcharge for non-traditional equity sources. Note: The use of non-traditional sources of equity is limited to loan-to-value ratios between 90.01 percent and 95 percent.

Where the borrower satisfies CMHC's minimum equity requirements with their own resources (traditional sources) and also takes advantage of the down payment assistance provided by the BC Program, CMHC's supplemental down payments premium calculation applies.

Examples are provided below for further clarity that match the Backgrounder #2 included within the program link above:

Example #1: Home purchase price - \$475,000

This first-time buyer has saved \$11,875 towards their down payment, or 2.5% of the home's purchase price. Through the program, the Province will contribute \$11,875, equal to the buyer's 2.5% down payment. This brings the total down payment to \$23,750 or 5% of the home's purchase price, as required by Canada Mortgage and Housing Corporation. This loan is interest and payment-free for the first five years. Non-traditional sources of equity are only available to borrowers who have good credit history and sufficient income to support their obligations under the mortgage. A minimum credit score of at least 650 is used as a guideline for satisfying this requirement.

Premium Calculation should be applied as follows:

Purchase Price: \$475,000

Minimum Equity Required: \$23,750 (i.e. 5% of \$475,000)

Down Payment Sources: \$11,875 Traditional & \$11,875 Non-traditional

Total Loan: \$451,250

LTV: 95%

To process (Non-traditional Downpayment Source) indicator selected by Lender

Premium Rate Due: 3.85% (non-traditional source premium rate applied)

Example #2: Home purchase price - \$600,000

This first-time buyer has saved 5% of the home's purchase price towards their down payment, or \$30,000. Canada Mortgage and Housing Corporation requires a 5% down payment for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$600,000 is \$35,000. This loan is interest and payment-free for the first five years.

The B.C. HOME Partnership program will meet this buyer's contribution of \$30,000, bringing their total down payment to \$60,000.

Premium Calculation should be applied as follows:

Purchase Price: \$600,000

Minimum Equity Required: \$35,000 (i.e. 5% of \$500,000 and 10% of \$100,000)

Down Payment: \$30,000 Traditional Source & \$30,000 Non-traditional Source

Total Loan: \$540,000

LTV: 90.0%*

*The LTV for Non-traditional sources of equity is limited to 90.01% to 95% therefore in this scenario, the borrower would

either need to increase the down payment to meet the minimum equity required of \$35,000, OR the borrower could decrease the down payment to bring the LTV in line with the maximum available for non-traditional equity sources.

down payment is increased to \$35,000 (LTV 89.2%): CMHC's supplemental down payments premium calculation applies - in this case the down payment from traditional sources is less than 10 percent of the lending value therefore the premium must be calculated based on the LTV taking into consideration the down payment from traditional sources only. LTV based on traditional sources only is 94%
Premium Rate Due: 3.60% (traditional sources)

Premium Rate Due if down payment is decreased to \$29,400 (LTV 90.01%): 3.85% (non-traditional sources)

Example #3: Home purchase price - \$750,000

The first-time buyer in this example has saved 7% of the home's purchase price as a down payment, or \$52,500.

A 5% down payment is required for the first \$500,000, and 10% for the remaining portion. This means the minimum down payment required for a home valued at \$750,000 is \$50,000.

The Province will meet the buyer's contribution up to 5% of the home's purchase price. In this example, the program will contribute \$37,500 towards the down payment, allowing this buyer to put a total of \$90,000 towards the down payment of their first home.

Premium Calculation should be applied as follows:

Purchase Price: \$750,000

Minimum Equity Required: \$50,000

Down Payment: \$52,500 Traditional Source & \$37,500 Non-Traditional Source

Total Loan Amount: \$660,000

LTV: 88%*

CMHC's supplemental down payments premium calculation applies - in this case the down payment from traditional sources is less than 10 percent of the lending value therefore the premium must be calculated based on the LTV taking into consideration the down payment from traditional sources only.

LTV based on traditional sources only is 93%

Premium Rate Due: 3.60% (traditional sources)

Barbara-Ann Touzel

Acting Manager, Homeowner Policy
Office of the VP, Insurance Operations
btouzel@cmhc-schl.gc.ca

Telephone: 613 748-4813

Facsimile: 613 748-2783

700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Everything you need to open new doors.

Barbara-Ann Touzel

Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)
Bureau du vice-président, Activités d'assurance
btouzel@cmhc-schl.gc.ca

Téléphone : 613 748-4813

Télécopieur : 613 748-2783

700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

La clé qui ouvre de nouvelles portes.



2016PREM0153-...

Jeanna Pitman

From: Eleanor Hughes
Sent: December-15-16 2:20 PM
To: Chris Woodcock
Subject: Re: CMHC Position on BC DownPayment Assistance Program.docx

No comments from me.

Thanks.

Eleanor Hughes

Manager, Policy Operations, Housing Finance
Off. of SVP, Policy, Research & Public Affairs
ehughes@cmhc-schl.gc.ca
Telephone: 613 748-2942
Facsimile: 613 748-2433
700 Montreal Road, C2-352, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Eleanor Hughes

Gestionnaire, Activités liées aux politiques, Financement de l'habitation
Bur. du PVP, Politiques, Rech. et Rel. publ.
ehughes@cmhc-schl.gc.ca
Téléphone : 613 748-2942
Télécopieur : 613 748-2433
700, Chemin Montreal, C2-352, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Caroline Sanfacon/BCY/CMHC-SCHL/CA@CMHC-SCHL, Glen Trevisani, smennill@cmhc-schl.gc.ca, Scott Drover/NAT/CMHC-SCHL/CA@CMHC-SCHL, Christopher Gibbs/NAT/CMHC-SCHL/CA@CMHC-SCHL, Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Christie Breton/NAT/CMHC-SCHL/CA@CMHC-SCHL, Doreen Lipovski/NAT/CMHC-SCHL/CA@CMHC-SCHL, Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL, Louise Michel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Eleanor Hughes/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Date: 15/12/2016 02:00 PM
Subject: CMHC Position on BC DownPayment Assistance Program.docx

I will be sending the attached letter to Dan Maxwell at 3pm EST. Please let me know if you have any last comments.

Chris

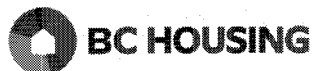


**CMHC Position
on BC DownPay...**

Home Ownership Assistance Program

Technical Briefing
December 2016

Confidential until Public Announcement December 15, 2016



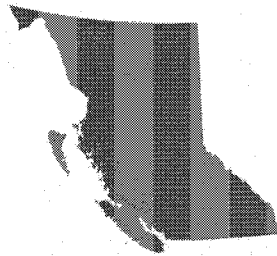


Home Ownership Assistance Program (HOAP) Overview

Supports eligible homebuyers with the purchase of their first home

- Matching repayable loans for up to 5% of the purchase price, maximum of \$37,500
- No interest, no payment for the first 5 years
- Applications accepted starting January 16, 2017
- Three-year program - loans advanced from February 15, 2017 to March 31, 2020

Anywhere in British Columbia



Home Ownership Assistance Program



Homebuyer Eligibility

All individuals with a registered interest on title must reside in the home and:

- Be a first-time homebuyer
- Be a Canadian citizen or permanent resident
- Have resided in BC for at least three years
- Have a combined gross income of \$150,000 or less
- Have saved at least half of the minimum down payment they will require
- Applicants must be pre-approved for a 1st mortgage before applying

1st mortgage must be high-ratio insured from an NHA approved lender, for more than 80% of the purchase price



Home Ownership Assistance Program



Eligible Properties

Any legal, self-contained, mortgageable residence located in BC

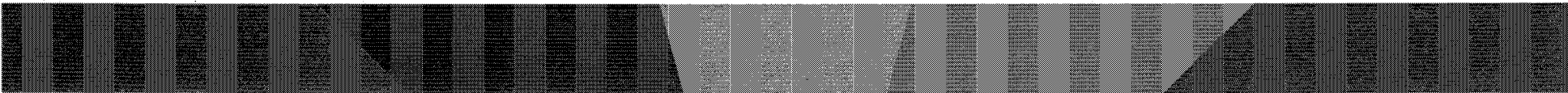
- Must be used as the homebuyer's principal residence for the first 5 years
- Rental properties and seasonal/recreational properties not eligible



**Purchase price cannot exceed
\$750,000**



Home Ownership Assistance Program



Apply Online

Applicants register for a *MyBCHousing* account and complete their HOAP applications online



[Website](#) | [My Profile](#) | [Notifications](#)

My BC Housing Account

Email

Password

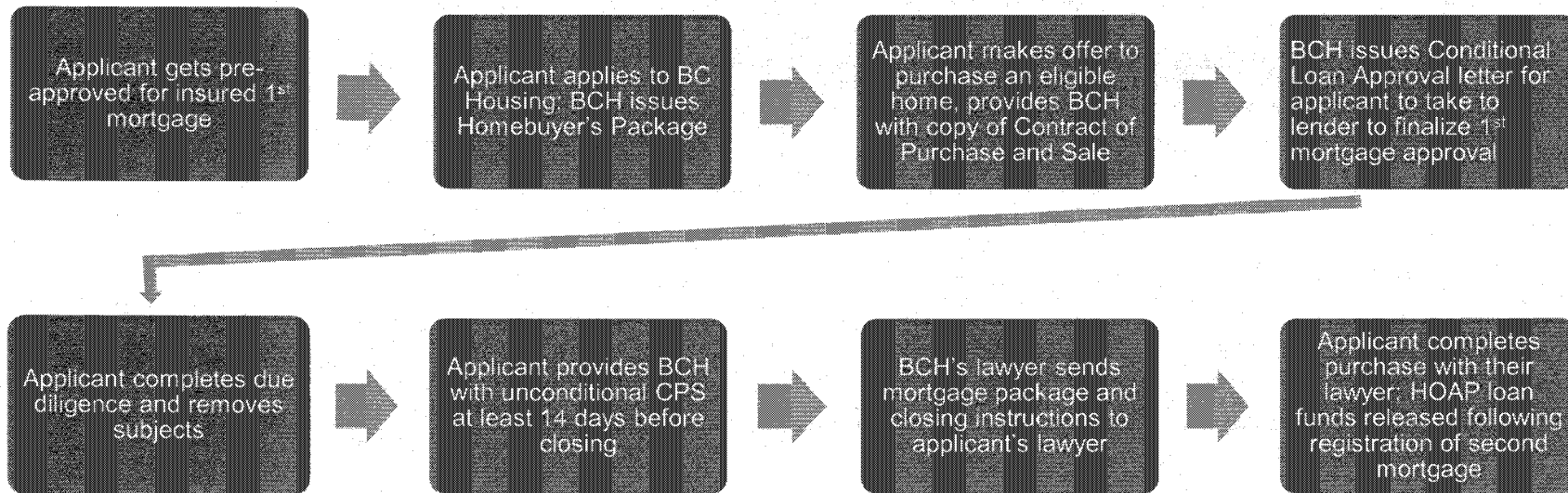
Sign in

[I forgot my password](#)

[Don't have an account? Create one now](#)

Home Ownership Assistance Program

Process



Home Ownership Assistance Program



Homebuyer's Package

Provided to homebuyer once they apply online and eligibility is confirmed

- Confirmation of eligibility letter highlighting key details and dates
- Homebuyer's Package - program overview and Homebuyer's Checklist
- Information and program overview for the professionals the homebuyer will work with:
 - Lender's Package
 - Real Estate Agent's Package
 - Lawyer/Notary Public's Package



Home Ownership Assistance Program



HOAP Loans

- Up to 25 year term, registered second mortgage
- Interest and payment free for the first five years
- Monthly principal and interest payments begin in year six, amortized over remaining 20 years
- Interest rate for years 6 to 10 set near first mortgage rate at time mortgage is registered
- Interest rate reset to near first mortgage rate at years 10, 15 and 20
- Homeowner may repay in full or in part at anytime without penalty



Home Ownership Assistance Program



HOAP Loans

- Due and payable in full upon:
 - The home ceasing to be the principal residence in the first five years
 - Default on the first mortgage
 - Sale of home or change of ownership (adding anyone to title)
 - Any other default on the HOAP second mortgage

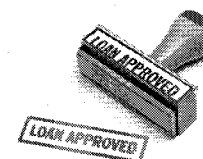


Home Ownership Assistance Program

Forecast HOAP Loans

	2016/17	2017/18	2018/19	2019/20	Total
New Loans Issued (number)	2,778	11,110	13,110	15,110	42,108
New Loans Issued (\$ millions)	47	185	219	252	703

Estimated Average Loan Amount : \$16,685



Home Ownership Assistance Program



Questions?



Home Ownership Assistance Program

Jeanna Pitman

From: Barbara Ann Touzel
Sent: January-19-17 5:39 PM
To: Chris Woodcock
Cc: Mark Coward
Subject: Fw: BC Program - Premiums for LTV of 85.01 to 90%

Chris - this is **not** new pricing it is our current pricing, - i.e. our existing Non-Trad and supplemental Downpayment policy. No premium breaks.

It is just easier to understand.

This is what I intended in our

discussion today, albeit you did not get opportunity to read it, as presented below. It would also be easier for RUs to understand for this program.

Barbara-Ann Touzel

Acting Manager, Homeowner Policy
Office of the VP, Insurance Operations
btouzel@cmhc-schl.gc.ca
Telephone: 613 748-4813
Facsimile: 613 748-2783
700 Montreal Road, A1-230, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Barbara-Ann Touzel

Gestionnaire, Politiques - Logements pour p.-o. (intérimaire)
Bureau du vice-président, Activités d'assurance
btouzel@cmhc-schl.gc.ca
Téléphone : 613 748-4813
Télécopieur : 613 748-2783
700, Chemin Montreal, A1-230, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

----- Forwarded by Barbara-Ann Touzel/NAT/CMHC-SCHL/CA on 19/01/2017 05:27 PM -----

From: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Mark Coward/NAT/CMHC-SCHL/CA@CMHC-SCHL, Helene M Gagnon/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Patricia Miceli/ONT/CMHC-SCHL/CA@CMHC-SCHL, cbreton@cmhc-schl.gc.ca, Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL
Date: 19/01/2017 05:05 PM
Subject: Fw: BC Program - Premiums for LTV of 85.01 to 90%

Chris - Trust, you are ok with this approach for distribution (see Doreen email below). Along with sending it to (since they made request to simplify), we will supply it to Hamesh for BC regional lender distribution.



How to Apply
CMHC Premiu...

PS I will also share with head office Lender Policy staff, that asked me directly already. (Doreen I will let Hamesh, know who they are).

Barbara-Ann Touzel

Acting Manager, Homeowner Policy
Office of the VP, Insurance Operations

btouzel@cmhc-schl.gc.ca

Telephone: 613 748-4813

Facsimile: 613 748-2783

700 Montreal Road, A1-230, Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

Barbara-Ann Touzel

Gestionnaire, Politiques - Logements pour p.-o. (intérimaire)
Bureau du vice-président, Activités d'assurance

btouzel@cmhc-schl.gc.ca

Téléphone : 613 748-4813

Télécopieur : 613 748-2783

700, Chemin Montreal, A1-230, Ottawa, ON, K1A 0P7

Société canadienne d'hypothèques et de logement (SCHL)

www.schl.ca

----- Forwarded by Barbara-Ann Touzel/NAT/CMHC-SCHL/CA on 19/01/2017 04:57 PM -----

From: Doreen Lipovski/NAT/CMHC-SCHL/CA
To: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Mark Coward/NAT/CMHC-SCHL/CA@CMHC-SCHL, Helene M Gagnon/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Patricia Miceli/ONT/CMHC-SCHL/CA@CMHC-SCHL
Date: 19/01/2017 04:53 PM
Subject: Re: Fw: BC Program - Premiums for LTV of 85.01 to 90%

Hi Barbara Ann,

I like the idea of going to the HO Policy contacts. This is not anything new and it is regional so no need to go full out to all lenders.

Another option is to provide to Hemesh to coordinate distribution to regional lenders, although this would be proactive and the audience could be large regionally. We could also provide it to him just as a back pocket message only in the event he get inquiries and contain it a bit.

If you and Chris are supportive of either regional approach, we can coordinate it through Hemesh.

Thanks

Doreen Lipovski

Manager, Training and Communications
Insurance Client Relationship Management

dlipovsk@cmhc-schl.gc.ca

Telephone: 613 748-4695

Facsimile: 613 748-2606

700 Montreal Road, A1-220, Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

Finding you the right information...when you need it

How to Apply CMHC Premium Rates for Applications with a BC Home Partnership Loan

Proceeds received through the BC Homeowner Mortgage and Equity Partnership may form part of the down payment for a CMHC-insured mortgage. The B.C. HOME Partnership program will meet the buyer's contribution up to 5% of the home's purchase price, to a maximum purchase price of \$750,000.

The BC HOME Partnership loan is considered by CMHC to be a non-traditional (or supplemental) source of down payment. To help clients easily determine the premium rate that will be applied for these submissions we have prepared the chart below.

Application of CMHC Premium Rates - (CMHC Non-Traditional and Supplemental Down Payment policies)

LTV based on Combined Down Payment	Premium Rate prior to March 17, 2017	Premium Rate (effective March 17, 2017)	CMHC Application Requirements
90.01-95%	3.85%	4.50%	<ul style="list-style-type: none"> Mortgage applications must be submitted as "Non-traditional Down Payment"*. You can rely on the premium calculation of the system.
85.01-90%	3.60%	4.00%	<ul style="list-style-type: none"> Mortgage applications must be referred to a CMHC Underwriter for calculation of insurance premium, select lender requested referral indicator. Minimum equity requirement from traditional sources must be met.
80.01-85%	1.80%	2.80%	<ul style="list-style-type: none"> Minimum equity requirement from traditional sources must be met. The standard "Traditional Down Payment" rates apply.

*NOTE: Lenders without the Non-Traditional Down Payment indicator, may use product tracker code 00010.

In all cases, where borrowers are using the BC Home Partnership Program, we recommend checking off the (Other) category under "Source of Equity". This last step is for our data accuracy, but it has no impact on premium calculations.

For your ease of understanding, see the attached page for examples of why applying the above premiums will equate back to CMHC existing down payment policy.

EXAMPLE 1:

Purchase price: \$750,000
Minimum down payment required: \$ 50,000
(5% of 500,000 and 10% of 250,000)

Down payment from borrower's own resource: \$ 50,000
(minimum 10% not met to pay "Traditional Down Payment". So apply supplemental DP policy)

Down payment: (BC Program): \$ 37,500
(BC program limit is lesser of 5% of House Price, or match borrower DP contribution)

Total Down payment Combined: \$ 87,500
Loan amount: \$662,500

Combined Down Payment LTV: **88.33%**
LTV based on DP from borr's own resource: 93.33%
(rate applied, as per Supplement DP policy)
Premium (pre- March 17th) **3.6%**

EXAMPLE 2:

Purchase price: \$750,000
Minimum down payment required: \$ 50,000
Down payment from borrower's own resource: \$ 37,000

(minimum 10% not met to pay "Traditional Down Payment". So apply supplemental DP policy)

Down payment: (BC Program): \$ 37,000
(BC program limit is lesser of 5% of House Price, or match borrower DP contribution)

Total Down payment Combined: \$ 74,000
Loan amount: \$662,500

Combined Down payment LTV: **90.01%**
LTV based on DP from borr's own resource: 95.06%
(rate applied, as per Supp DP policy),

Premium (pre March 17th): **3.85%**



Fw: BC Housing DAP Response Letter

Christie Breton to: Jeanna Pitman

Classification: PROTECTED - CMHC Operations/Proprietary

02/02/2017 09:50 AM

Business Value: Transitory Record

For ATIP

Christie Breton

Senior Analyst, Policy and Operations

Office of the VP, Insurance Operations

cbreton@cmhc-schl.gc.ca

Telephone: 613 748-2321

Facsimile: 613 748-2783

700 Montreal Road, A1-234, Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

----- Forwarded by Christie Breton/NAT/CMHC-SCHL/CA on 02/02/2017 09:50 AM -----

From: Christie Breton/NAT/CMHC-SCHL/CA
 To: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,
 Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Mike
 Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL
 Date: 07/12/2016 02:26 PM
 Subject: Re: BC Housing DAP Response Letter

Hi Chris, please see revised version of the BC Housing DAP response taking into account additional feedback received from Mike and Louise. Let me know if you have any questions/concerns. Thanks.



CMHC Response BC DAPV3.docx

Christie Breton

Senior Analyst, Policy and Operations

Office of the VP, Insurance Operations

cbreton@cmhc-schl.gc.ca

Telephone: 613 748-2321

Facsimile: 613 748-2783

700 Montreal Road, A2-518, Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

Mike Nelson

From my read, the second would not have P&I f...

06/12/2016 05:34:16 PM

From: Mike Nelson/BCY/CMHC-SCHL/CA
 To: Christie Breton/NAT/CMHC-SCHL/CA@CMHC-SCHL,
 Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Chris
 Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Louise
 Michel/NAT/CMHC-SCHL/CA@CMHC-SCHL
 Date: 06/12/2016 05:34 PM
 Subject: Re: BC Housing DAP Response Letter

From my read, the second would not have P&I for the first 5 years (as a benefit).

Mike Nelson

Mike Nelson

Regional Manager, Homeowner Underwriting (West)
 Office of the VP, Insurance Operations
mnelson@cmhc.ca
 Telephone: 604 737-4035
 Facsimile: 604 714-3701
 1111 West Georgia, Suite 2000, Vancouver, BC, V6E
 4M3
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Gestionn. rég., Souscription log. p.-o. Ouest
 Bureau du vice-président, Activités d'assurance
mnelson@cmhc.ca
 Téléphone : 604 737-4035
 Télécopieur : 604 714-3701
 1111 Chemin Georgia O, Porte 2000, Vancouver, BC, V6E
 4M3
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

Christie Breton

Thanks Mike, I will incorporate your comments r...

06/12/2016 12:50:22 PM

From: Christie Breton/NAT/CMHC-SCHL/CA
 To: Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL,
 Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Chris
 Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Louise
 Michel/NAT/CMHC-SCHL/CA@CMHC-SCHL
 Date: 06/12/2016 12:50 PM
 Subject: Re: BC Housing DAP Response Letter

Thanks Mike, I will incorporate your comments re :
 2nd last paragraph is based on comments received from Legal - I will await feedback from Louise.

The

Christie Breton
 Senior Analyst, Policy and Operations
 Office of the VP, Insurance Operations
cbreton@cmhc-schl.gc.ca
 Telephone: 613 748-2321
 Facsimile: 613 748-2783
 700 Montreal Road, A2-518, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Mike Nelson

Hi Christie, a few comments: "The DAP Loan wi...

06/12/2016 03:00:26 PM

From: Mike Nelson/BCY/CMHC-SCHL/CA
 To: Christie Breton/NAT/CMHC-SCHL/CA@CMHC-SCHL,
 Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Chris
 Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Louise
 Michel/NAT/CMHC-SCHL/CA@CMHC-SCHL
 Date: 06/12/2016 03:00 PM
 Subject: Re: BC Housing DAP Response Letter

Hi Christie, a few comments:

Amongst the due and payable conditions, it appears that assumptions are included (release / replacement of covenant). Assumptions are typically qualified by the lender, without a referral to CMHC. In addition to the overall concerns with the due and payable conditions, there could be instances where the assumption requirement jeopardises a performing loan and places additional financial burden on the borrower. An example would be a spousal split where the remaining borrower qualifies or where the remaining borrower has obtained an additional borrower to maintain qualification.

servicing requirements would apply.

Perhaps indicate our standard debt

Perhaps if the section was brought up to a level where we would indicate our expectations and rationale - possible solutions would come afterwards

Mike Nelson
Regional Manager, Homeowner Underwriting (West)
Office of the VP, Insurance Operations
mnelson@cmhc.ca
Telephone: 604 737-4035
Facsimile: 604 714-3701
1111 West Georgia, Suite 2000, Vancouver, BC, V6E 4M3
[Canada Mortgage and Housing Corporation \(CMHC\)](http://www.cmhc.ca)
www.cmhc.ca

Mike Nelson
Gestionn. rég., Souscription log. p.-o. Ouest
Bureau du vice-président, Activités d'assurance
mnelson@cmhc.ca
Téléphone : 604 737-4035
Télécopieur : 604 714-3701
1111 Chemin Georgia O, Porte 2000, Vancouver, BC, V6E 4M3
[Société canadienne d'hypothèques et de logement \(SCHL\)](http://www.schl.ca)
www.schl.ca

Christie Breton Hello all - please see attached draft response let... 06/12/2016 09:07:18 AM

From: Christie Breton/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL, Louise Michel/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 06/12/2016 09:07 AM
Subject: Re: BC Housing DAP Response Letter

Hello all - please see attached draft response letter for the BC Housing DAP. Let me know if this will suffice. Louise, would you mind reviewing from a legal perspective (I took your comments into consideration). Thanks and please feel free to comment/edit.

[attachment "CMHC Response BC DAP.docx" deleted by Mike Nelson/BCY/CMHC-SCHL/CA]

[attachment "Draft DAP Framework .docx" deleted by Mike Nelson/BCY/CMHC-SCHL/CA] (for reference)

Christie Breton

Senior Analyst, Policy and Operations
Office of the VP, Insurance Operations
cbreton@cmhc-schl.gc.ca
Telephone: 613 748-2321
Facsimile: 613 748-2783
700 Montreal Road, A2-518, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

----- Forwarded by Barbara-Ann Touzel/NAT/CMHC-SCHL/CA on 05/12/2016 06:42 PM -----

From: Chris Woodcock/NAT/CMHC-SCHL/CA
To: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@cmhc-schl,
Date: 05/12/2016 06:42 PM
Subject: Re: BC

Perfect thx. That's exactly what we had in mind.

From: Barbara-Ann Touzel
Sent: Monday, December 5, 2016 6:41 PM
To: Chris Woodcock
Subject: Re: BC

Yes, Christie is working on it, we will send you draft tomorrow, at same time as to legal. Mike said to stay light on details, simply state that client qualify as per standard underwriting for non-traditional downpayments with second loan debts included to qualify.
get Legal to verify letter against program text. If that is not what you had in mind, let me know. Also no product tracker needed, as this is not an Aff. Hsg project.

Barbara-Ann Touzel

Acting Manager, Homeowner Policy
Office of the VP, Insurance Operations
btouzel@cmhc-schl.gc.ca
Telephone: 613 748-4813
Facsimile: 613 748-2783
700 Montreal Road, A2-214, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Everything you need to open new doors.

Barbara-Ann Touzel

Gestionnaire, Lignes de conduite Log. pour p.-o. (intérimaire)
Bureau du vice-président, Activités d'assurance
btouzel@cmhc-schl.gc.ca
Téléphone : 613 748-4813
Télécopieur : 613 748-2783
700, Chemin Montreal, A2-214, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

La clé qui ouvre de nouvelles portes.



Mr. Dan Maxwell
Vice President of Corporate Services
and Chief Financial Officer
BC Housing

Dear Mr. Maxwell,

Thank you for the opportunity to review and provide feedback to the draft Program Framework for the Down Payment Assistance Program (DAP) being launched by BC Housing.

CMHC is pleased to advise that the BC Housing DAP would be acceptable to satisfy CMHC's minimum equity requirements. Standard CMHC policies for homeowner loans will apply. We would, however, require as part of the program design, that BC Housing expressly agree

For borrower qualification purposes, where the minimum equity requirement is being partially sourced from the DAP, CMHC considers this to be a non-traditional source as the minimum down payment is being borrowed from the Province of BC

To be eligible to use non-traditional sources of equity, borrowers must have a strong history of managing credit, and proven record of meeting their debt obligations. Currently, a recommended minimum credit score of at least 650 is used as a guideline for satisfying this requirement. Non-traditional sources of equity are available to buyers who have good credit history and sufficient income to support their obligations under the mortgage.

For the purpose of calculating debt service ratios, borrowed equity is considered a debt obligation and must be included in the borrower's Total Debt Service (TDS) ratio calculation. CMHC's standard debt servicing requirements will apply.

The program terms indicate the DAP loan is due and payable in full upon transfer of the home or change of ownership (including addition of a person to title). CMHC's policy on assumptions which permits a new borrower to assume the same insured loan on the same property or release the covenant of the original borrower provided the new borrower is at least as

financially strong as the original borrower. We suggest consideration be given to accommodate situations where assumptions may be permitted under the DAP terms.

Sincerely,



Fw: BC Housing Program
Christie Breton to: Jeanna Pitman
Classification: UNCLASSIFIED

02/02/2017 10:00 AM

Business Value: Transitory Record

For ATIP

Christie Breton
Senior Analyst, Policy and Operations
Office of the VP, Insurance Operations
cbreton@cmhc-schl.gc.ca
Telephone: 613 748-2321
Facsimile: 613 748-2783
700 Montreal Road, A1-234, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

----- Forwarded by Christie Breton/NAT/CMHC-SCHL/CA on 02/02/2017 10:00 AM -----

From: Christie Breton/NAT/CMHC-SCHL/CA
To: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Date: 12/12/2016 08:31 AM
Subject: Fw: BC Housing Program

FYI below - response from Scott Drover.

Christie Breton
Senior Analyst, Policy and Operations
Office of the VP, Insurance Operations
cbreton@cmhc-schl.gc.ca
Telephone: 613 748-2321
Facsimile: 613 748-2783
700 Montreal Road, A2-518, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

----- Forwarded by Christie Breton/NAT/CMHC-SCHL/CA on 12/12/2016 08:30 AM -----

From: Scott Drover/NAT/CMHC-SCHL/CA
To: Christie Breton/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Date: 11/12/2016 08:49 PM
Subject: Re: BC Housing Program

Hi Christie - I'm just coming back to this now... I was hoping/waiting to get some more info from Chris as I only have very basic/limited info.

Here is my starting point until I get more specific info on our official policy.

-
- Our Housing Market Assessment has identified strong evidence of problematic conditions in Metro Vancouver. Continued price growth is of particular concern. (VBoT)
- The Bank of Canada continues to flag elevated household debt as the top vulnerability to financial stability in Canada. (VBoT)
-

prospects. (VBoT)

Scott

Scott Drover, MBA

Communications and Marketing Consultant
Public Affairs
sdrover@cmhc-schl.gc.ca
Telephone: 613 748-2811
Facsimile:
700 Montreal Road, A3-216, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Scott Drover, MBA

Conseiller, Communications et marketing
Relations publiques
sdrover@cmhc-schl.gc.ca
Téléphone : 613 748-2811
Télécopieur :
700, Chemin Montreal, A3-216, Ottawa, ON, K1A 0P7
Société canadienne d'hypothèques et de logement (SCHL)
www.schl.ca

Follow CMHC on [Twitter](#) [YouTube](#) [LinkedIn](#) [Facebook](#) Suivez la SCHL sur [Twitter](#) [YouTube](#) [LinkedIn](#) [Facebook](#)

Christie Breton

Hi Scott, I am working on a letter to go to BC Ho...

07/12/2016 09:42:42 AM

From: Christie Breton/NAT/CMHC-SCHL/CA
To: Scott Drover/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Date: 07/12/2016 09:42 AM
Subject: BC Housing Program

Hi Scott, I am working on a letter to go to BC Housing on their proposed Down Payment Assistance Program. Barbara-Ann mentioned that you were working on some messaging as well and I was hoping you can share with me so I can make sure there are no discrepancies in the letter I am proposing. Thanks and let me know.

Christie Breton

Senior Analyst, Policy and Operations
Office of the VP, Insurance Operations
cbreton@cmhc-schl.gc.ca
Telephone: 613 748-2321
Facsimile: 613 748-2783
700 Montreal Road, A2-518, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca


Fw: BC Housing DAP Response Letter
Christie Breton to: Jeanna Pitman

02/02/2017 10:11 AM

Classification: PROTECTED - CMHC Operations/Proprietary

Business Value: Transitory Record

For ATIP

Christie Breton

Senior Analyst, Policy and Operations

Office of the VP, Insurance Operations

cbreton@cmhc-schl.gc.ca

Telephone: 613 748-2321

Facsimile: 613 748-2783

700 Montreal Road, A1-234, Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

----- Forwarded by Christie Breton/NAT/CMHC-SCHL/CA on 02/02/2017 10:11 AM -----

From: Louise Michel/NAT/CMHC-SCHL/CA
 To: Christie Breton/NAT/CMHC-SCHL/CA@CMHC-SCHL,
 Cc: Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL, Barbara-Ann
 Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Chris
 Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Maya
 Weiss/NAT/CMHC-SCHL/CA@CMHC-SCHL
 Date: 06/12/2016 05:00 PM
 Subject: Re: BC Housing DAP Response Letter

Attached please find a few comments addressing the standstill arrangements.

Glad to discuss. Thanks for the opportunity to comment.



- CMHC Response BC DAP.docx

Louise Michel

Director, Legal Services (Assisted Housing and Underwriting)

Legal Services Division

lmichel@cmhc-schl.gc.ca

Telephone: 613 748-2102

Facsimile: 613 748-4098

700 Montreal Road, C2-226, Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca
Louise Michel

Directrice, Services juridiques (Aide au logement et souscription)

Division des services juridiques

lmichel@cmhc-schl.gc.ca

Téléphone : 613 748-2102

Télécopieur : 613 748-4098

700, Chemin Montreal, C2-226, Ottawa, ON, K1A 0P7

Société canadienne d'hypothèques et de logement (SCHL)

www.schl.ca

Christie Breton

Thanks Mike, I will incorporate your comments r...

06/12/2016 03:50:21 PM

From: Christie Breton/NAT/CMHC-SCHL/CA
To: Mike Nelson/BCY/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Chris
Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL, Louise
Michel/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 06/12/2016 03:50 PM
Subject: Re: BC Housing DAP Response Letter

Thanks Mike, I will incorporate your comments The
2nd last paragraph is based on comments received from Legal - I will await feedback from Louise.

Christie Breton
Senior Analyst, Policy and Operations
Office of the VP, Insurance Operations
cbreton@cmhc-schl.gc.ca
Telephone: 613 748-2321
Facsimile: 613 748-2783
700 Montreal Road, A2-518, Ottawa, ON, K1A 0P7
Canada Mortgage and Housing Corporation (CMHC)
www.cmhc.ca

Mike Nelson	Hi Christie, a few comments: "The DAP Loan wi...	06/12/2016 03:00:26 PM
Christie Breton	Hello all - please see attached draft response let...	06/12/2016 09:07:18 AM



National Office

Bureau national

700 Montreal Road
Ottawa ON K1A 0P7
Telephone (613) 748-2000

700 chemin de Montréal
Ottawa ON K1A 0P7
Téléphone : (613) 748-2000

Mr. Dan Maxwell
Vice President of Corporate Services
and Chief Financial Officer
BC Housing

Dear Mr. Maxwell,

Thank you for the opportunity to review and provide feedback to the draft Program Framework for the Down Payment Assistance Program (DAP) being launched by BC Housing.

CMHC considers the equity to be non-traditional (borrowed funds) as the minimum down payment is being sourced from the Province of BC :

To be eligible to use non-traditional sources of equity, borrowers must have a strong history of managing credit, and proven record of meeting their debt obligations. Currently, a recommended minimum credit score of at least 650 is used as a guideline for satisfying this requirement. Non-traditional sources of equity are available to buyers who have good credit history and sufficient income to support their obligations under the mortgage.

For the purpose of calculating debt service ratios, borrowed equity is considered a debt obligation and must be included in the borrower's Total Debt Service (TDS) ratio calculation.

We would be pleased to meet to discuss the above should you have any questions or concerns.

Thank you for the opportunity to be involved in this initiative. As Canada's national housing agency, CMHC is committed to helping Canadians meet their housing needs.



Fw: CMHC Response BC DAPV3.docx

Christie Breton to: Jeanna Pitman

Classification: PROTECTED

02/02/2017 10:10 AM

Business Value: Transitory Record

For ATIP

Christie Breton

Senior Analyst, Policy and Operations

Office of the VP, Insurance Operations

cbreton@cmhc-schl.gc.ca

Telephone: 613 748-2321

Facsimile: 613 748-2783

700 Montreal Road, A1-234, Ottawa, ON, K1A 0P7

Canada Mortgage and Housing Corporation (CMHC)

www.cmhc.ca

----- Forwarded by Christie Breton/NAT/CMHC-SCHL/CA on 02/02/2017 10:10 AM -----

From: Louise Michel/NAT/CMHC-SCHL/CA
To: Chris Woodcock/NAT/CMHC-SCHL/CA@CMHC-SCHL,
Cc: Barbara-Ann Touzel/NAT/CMHC-SCHL/CA@CMHC-SCHL, Christie
Breton/NAT/CMHC-SCHL/CA@CMHC-SCHL
Date: 14/12/2016 08:18 PM
Subject: Re: CMHC Response BC DAPV3.docx

Please see attached comments for your consideration. Glad to discuss.



BCHMC deposit program.docx



s.21(1)(b)

Mr. Dan Maxwell
Vice President of Corporate Services
and Chief Financial Officer
BC Housing

Dear Mr. Maxwell,

Thank you for the opportunity to review the draft Program Framework for the Down Payment Assistance Program being launched by BC Housing. CMHC has reviewed the information provided and confirms that the Program does not violate CMHC's current policies for Homeowner Mortgage Insurance.

Standard CMHC policies for homeowner loans will apply. We would, however, require as part of the program design that BC Housing expressly agree

It is important to note that although the Program references a 5% down payment, the minimum down payment is 5% up to \$500,000 and 10% on any portion of the purchase price that exceeds \$500,000. CMHC applies a premium surcharge in any case where the borrower does not fully meet the minimum down payment without assistance, such as a situation where the borrower has 5% towards a home costing more than \$500,000. This is considered to be a "non-traditional" source of down payment as the minimum down payment is being borrowed from the Province of BC and is being registered as a second mortgage with a repayable term. Non-traditional sources of equity are only available to borrowers who have good credit history and sufficient income to support their obligations under the mortgage. Currently, a recommended minimum credit score of at least 650 is used as a guideline for satisfying this requirement.

For the purpose of calculating debt service ratios, borrowed equity is considered a debt obligation and must be included in the borrower's Total Debt Service (TDS) ratio calculation. CMHC's standard debt servicing requirements will apply. CMHC would assume that borrowers would not make repayments during the PI free period and would qualify based on the highest potential monthly repayment amount over the amortization of the second mortgage.

The program terms indicate the loan is due and payable in full upon transfer of the home or change of ownership (including addition of a person to title). CMHC's policy on assumptions which permits a new borrower to assume the same insured loan on the same property or release the covenant of the original borrower provided the new borrower is at least

s.21(1)(b)

as financially strong as the original borrower. We suggest consideration be given to accommodate situations where assumptions may be permitted under the Program terms.

Sincerely,



FW: BC Homeownership Program Announcement
 Evan W Siddall
 to:
 Angele Legault
 14/03/2017 09:00 AM
 Classification:
 Hide Details
 From: Evan W Siddall <esiddall@cmhc-schl.gc.ca>
 To: Angele Legault <alegault@cmhc-schl.gc.ca>,

From: Evan W Siddall
Sent: December-19-16 12:07 PM
To: Steves, Gregory OHCS:EX <Gregory.Steves@gov.bc.ca>
Cc: Debbie G Stewart <dgstewar@cmhc-schl.gc.ca>
Subject: Re: BC Homeownership Program Announcement

Greg,

Your publicizing the program and use of the verb "benefit" suggested a positive result than a more neutral word would have implied. Further, we firmly disagree with the statement that "The new B.C. HOME Partnership program makes home ownership more affordable and accessible to thousands of British Columbians" (emphasis added). I am joined by a loud chorus of economists in insisting that it will do the exact opposite.

You will know we are holding our noses firmly on this and I would not want any other PT's to be misled into thinking this ill-advised program represents good public policy.

Merry Christmas,

E

Evan W Siddall
 President & Chief Executive Officer
 President's Office
esiddall@cmhc-schl.gc.ca
 Telephone: 613 748-2904
 Facsimile: 613 748-4574
[Canada Mortgage and Housing Corporation \(CMHC\)](http://www.cmhc.ca)
www.cmhc.ca

Evan W Siddall
 Président et premier dirigeant
 Bureau du président
esiddall@cmhc-schl.gc.ca
 Téléphone : 613 748-2904
 Télécopieur : 613 748-4574
[Société canadienne d'hypothèques et de logement \(SCHL\)](http://www.schl.ca)
www.schl.ca

From: "Steves, Gregory OHCS:EX" <Gregory.Steves@gov.bc.ca>
 To: "esiddall@cmhc-schl.gc.ca" <esiddall@cmhc-schl.gc.ca>,
 Date: 19/12/2016 11:50 AM
 Subject: Re: BC Homeownership Program Announcement

Thanks Evan. We don't always get to set the direction. We do try to make the best of what we are given.

Merry Christmas

Greg

Sent from my iPhone

On Dec 16, 2016, at 8:20 PM, "esiddall@cmhc-schl.gc.ca" <esiddall@cmhc-schl.gc.ca>> wrote:

I'm tempted to offer a wisecrack. But I won't.

Merry Christmas,

Evan

From: Steves, Gregory OHCS:EX
 Sent: Friday, December 16, 2016 7:16 PM
 To: Craig Dalton; Dan McDougall ; Evan Siddall ; Greg Miler; Jay Rodgers; Julia Mullaley ; Laure Leblanc ; Michel Gagnon ; Pamela Hine ; Shannon Marchand; Teresa Hennebery ; Terry Audla; Tom Williams ; XT:HLTH Ramsay, Shayne
 Cc: 'dgstewar@cmhc-schl.gc.ca' <<mailto:dgstewar@cmhc-schl.gc.ca>>; Allison Szeles ; Arielle Stockdale; Arusa Shafi ; Brandon Lundy; Charles Sanders ; Dean Lussier ; Denise Galley-Horncastle ; Dominic Aube; Elizabeth Desrochers; Endri Elmazi ; Erich Freiler; Erin Larocque; Gisborne, Carolyn OHCS:EX; James Houston; Jason Burke; Jill Perron; Juanita Fawcett; Karen Hemmingson ; Kate Moffatt; Krista Goretzky; Lam, Roger OHCS:EX; Marchinko, Craig OHCS:EX; Marci Osmond; Marco Biefari; Mary Cameron ; Matthew Rogers; Michael Aziz; Morley Linstead; XT:HLTH Poff, Myles; Nicole Marques Stinson ; Patrick Cooper; Rachel Foley; Revi Lau-a; Rotgans, Trudy OHCS:EX; Sandy Bellan-Miron ; Scott Hargourt; Shannon Kelly; Sonya Cobb; Stephen Pretty; Steves, Gregory OHCS:EX; Tammy Bennett; Tara Gereaux; Tim Sellars; Wilson, Anna OHCS:EX; Winter Fedyk
 Subject: BC Homeownership Program Announcement

Dear Colleagues,

Today, the Government of British Columbia announced a new program to help British Columbian??s buy their first home. The B.C. Home Owner Mortgage and Equity (HOME) Partnership program assists first time home buyers who are looking to invest in a secure and stable future. The Province is partnering with British Columbians to help contribute to the amount they have already saved for a down payment with a loan that is interest-free and payment-free for the first five years: <https://news.gov.bc.ca/releases/2016PREM0153-002759>.

Program details:

?? The B.C. HOME Partnership program will meet the buyer??s contribution up to 5% of the home??s purchase price, to a maximum

A0017164_1-000479

purchase price of \$750,000.

?? After five years, buyers can either repay their loan or enter into monthly payments at current interest rates.

?? Loans through the program become due after 25 years ??? the same length as most mortgages.

By 2020, we expect the program to benefit over 42,000 households with an average loan of close to \$17,000.

The new B.C. HOME Partnership program makes home ownership more affordable and accessible to thousands of British Columbians:
<http://housingaction.gov.bc.ca/file/home-owner-mortgage-and-equity-partnership/>

Sincerely,

Greg Steves, Assistant Deputy Minister, on behalf of

Shayne Ramsay

Chief Executive Officer

BC Housing

NOTICE: This email message, including any attachments, is confidential, subject to copyright and may be privileged. Any unauthorized use or disclosure is prohibited.

AVIS: Le présent message, incluant toute pièce jointe, est confidentiel, protégé par des droits d'auteur et peut contenir des renseignements privilégiés. L'utilisation ou la communication non autorisée de ces renseignements est interdite.

Papadopoulos, Nikki OHCS:EX

From: Rotgans, Trudy OHCS:EX
Sent: Saturday, December 17, 2016 10:18 AM
To: s.22
Subject: Fwd: BC Homeownership Program Announcement

Sent from my iPhone

Begin forwarded message:

From: <esiddall@cmhc-schl.gc.ca>
Date: December 17, 2016 at 4:31:46 AM PST
To: "Steves, Gregory OHCS:EX" <Gregory.Steves@gov.bc.ca>, Craig Dalton <craig.dalton@gnb.ca>, Dan McDougall <dan.mcdougall@novascotia.ca>, "Greg Miler" <greg.miller2@gov.sk.ca>, Jay Rodgers <jay.rodgers@leg.gov.mb.ca>, Julia Mullaley <jimmullaley@nlhc.nl.ca>, Laure Leblanc <laurie.leblanc@ontario.ca>, Michel Gagnon <michel.gagnon@shq.gouv.qc.ca>, Pamela Hine <pamela.hine@gov.yk.ca>, Shannon Marchand <shannon.marchand@gov.ab.ca>, Teresa Hennebery <tahennebery@gov.pe.ca>, "Terry Audla" <taudla@gov.nu.ca>, Tom Williams <Tom_R_Williams@gov.nt.ca>, "XT:HLTH Ramsay, Shayne" <sramsay@bchousing.org>
Cc: <dgstewar@cmhc-schl.gc.ca>, Allison Szeles <allison.szeles@gov.sk.ca>, Arielle Stockdale <AStockdale@gov.nu.ca>, Arusa Shafi <Arusa_Shafi@gov.nt.ca>, Brandon Lundy <brandon.lundy@gov.ab.ca>, "Charles Sanders" <Charles_Sanders@gov.nt.ca>, Dean Lussier <Dean.lussier@gov.ab.ca>, Denise Galley-Horncastle <Denise.Galley-Horncastle@gnb.ca>, Dominic Aube <dominic.aube@gnb.ca>, Elizabeth Desrochers <Elizabeth.desrochers@shq.gouv.qc.ca>, Endri Elmazi <endri.elmazi@shq.gouv.qc.ca>, Erich Freiler <Erich.Freiler@ontario.ca>, "Erin Larocque" <Erin.Larocque@gov.ab.ca>, "Gisborne, Carolyn OHCS:EX" <Carolyn.Gisborne@gov.bc.ca>, James Houston <James.Houston@gov.mb.ca>, "Jason Burke" <Jason.burke@ontario.ca>, Jill Perron <Jill.Perron@gov.mb.ca>, "Juanita Fawcett" <juanita.fawcett@novascotia.ca>, Karen Hemmingson <khemmingson@bchousing.org>, Kate Moffatt <camoffatt@nlhc.nl.ca>, "Krista Goretzky" <krista.goretzky@gov.ab.ca>, "Lam, Roger OHCS:EX" <Roger.Lam@gov.bc.ca>, "Marchinko, Craig OHCS:EX" <Craig.Marchinko@gov.bc.ca>, Marci Osmond <marci.osmond@gnb.ca>, "Marco Blefari" <marco.blefari@ontario.ca>, Mary Cameron <Mary.cameron@gov.yk.ca>, Matthew Rogers <Matthew.Rogers@gov.mb.ca>, Michael Aziz <Michael.Aziz@ontario.ca>, Morley Linstead <mglinstead@nlhc.nl.ca>, "XT:HLTH Poff, Myles" <myles.poff@gov.ab.ca>, Nicole Marques Stinson <nmarques@bchousing.org>, Patrick Cooper <patrick.cooper@gov.sk.ca>, "Rachel Foley" <rachel.foley@gov.ab.ca>, Revi Lau-a <Revi_lau-a@gov.nt.ca>, "Rotgans, Trudy OHCS:EX" <Trudy.Rotgans@gov.bc.ca>, Sandy Bellan-Miron <sandy.bellan-miron@gov.ab.ca>, Scott Harcourt <scott.harcourt@ontario.ca>, Shannon Kelly <shannon.kelly@novascotia.ca>, Sonya Cobb <slcobb@gov.pe.ca>, Stephen Pretty <SRPretty@nlhc.nl.ca>, "Steves, Gregory OHCS:EX" <Gregory.Steves@gov.bc.ca>, Tammy Bennett <tbbennett@bchousing.org>, "Tara Gereaux" <tara.gereaux@gov.sk.ca>, Tim Sellars <Tim.sellars@gov.yk.ca>, "Wilson, Anna OHCS:EX" <Anna.Wilson@gov.bc.ca>, Winter Fedyk <winter.fedyk@gov.sk.ca>
Subject: Re: BC Homeownership Program Announcement

Colleagues,

Greg's email necessitates a reply from me lest anyone think my silence signaled tacit support.

Household debt levels have reached a new record high and the Bank of Canada continues to flag elevated household debt as the top vulnerability to financial stability in Canada. The Bank's Financial System Review released just this week reinforces these risks, especially with respect to housing market imbalances.

Our concerns with particular housing markets are well known. Our Housing Market Assessment has identified strong evidence of problematic conditions in Metro Vancouver. Continued price growth is of particular concern.

CMHC will be applying our usual standards to borrowers taking advantage of the BC program. These standards include testing a borrower's ability to repay not only their mortgage but also their other debts, including the new incentive, as well as a premium surcharge for the extra risk to us that this program creates. Our policies are not new and apply equally across the country.

CMHC is committed to helping Canadian meet their housing needs. We encourage all aspiring homebuyers to make informed and responsible homebuying decisions that don't put their financial futures at risk, especially in a market that is showing signs of overvaluation. As I noted a few weeks ago in my speech in Vancouver, programs that support demand in supply constrained markets, like Vancouver, serve primarily to increase prices and make the affordability problem worse.

For further insights and a great deal of analysis in support of our perspective, please refer to the remarks I gave in Vancouver a few weeks ago.

<https://www.cmhc-schl.gc.ca/en/corp/nero/sp/2016/2016-11-30-1600.cfm>

La version française:

<https://www.cmhc-schl.gc.ca/fr/inso/sapr/di/2016/2016-11-30-1600.cfm>

Best wishes to all for the holidays season. Joyeuses fêtes,

Evan

Evan Siddall
President & CEO | Président et premier dirigeant
Canada Mortgage & Housing Corporation
Société canadienne d'hypothèques et de logement

From: Steves, Gregory OHCS:EX

Sent: Friday, December 16, 2016 7:16 PM

To: Craig Dalton; Dan McDougall ; Evan Siddall ; Greg Miler; Jay Rodgers; Julia Mullaley ; Laure Leblanc ; Michel Gagnon ; Pamela Hine ; Shannon Marchand; Teresa Hennebery ; Terry Audla; Tom Williams ; XT:HLTH Ramsay, Shayne
Cc: 'dgstewar@cmhc-schl.gc.ca'; Allison Szeles ; Arielle Stockdale; Arusa Shafi ; Brandon Lundy; Charles Sanders ; Dean Lussier ; Denise Galley-Horncastle ; Dominic Aube; Elizabeth Desrochers; Endri Elmazi ; Erich Freiler; Erin Larocque; Gisborne, Carolyn OHCS:EX; James Houston; Jason Burke; Jill Perron; Juanita Fawcett; Karen Hemmingson ; Kate Moffatt; Krista Goretzky; Lam, Roger OHCS:EX; Marchinko, Craig OHCS:EX; Marci Osmond; Marco Blefari; Mary Cameron ; Matthew Rogers; Michael Aziz; Morley Linstead; XT:HLTH Poff, Myles; Nicole Marques Stinson ; Patrick Cooper; Rachel Foley; Revi Lau-a; Rotgans, Trudy OHCS:EX; Sandy Bellan-Miron ; Scott Harcourt; Shannon Kelly; Sonya Cobb; Stephen Pretty; Steves, Gregory OHCS:EX; Tammy Bennett; Tara Gereaux; Tim Sellars; Wilson, Anna OHCS:EX; Winter Fedyk
Subject: BC Homeownership Program Announcement

Dear Colleagues,

Today, the Government of British Columbia announced a new program to help British Columbian???'s buy their first home. The B.C. Home Owner Mortgage and Equity (HOME) Partnership program assists first time home buyers who are looking to invest in a secure and stable future. The Province is partnering with British Columbians to help contribute to the amount they have already saved for a down payment with a loan that is interest-free and payment-free for the first five years:

<https://news.gov.bc.ca/releases/2016PREM0153-002759>.

Program details:

- The B.C. HOME Partnership program will meet the buyer???'s contribution up to 5% of the home???'s purchase price, to a maximum purchase price of \$750,000.
- After five years, buyers can either repay their loan or enter into monthly payments at current interest rates.
- Loans through the program become due after 25 years ??? the same length as most mortgages.

By 2020, we expect the program to benefit over 42,000 households with an average loan of close to \$17,000.

The new B.C. HOME Partnership program makes home ownership more affordable and accessible to thousands of British Columbians: <http://housingaction.gov.bc.ca/tile/home-owner-mortgage-and-equity-partnership/>

Sincerely,

Greg Steves, Assistant Deputy Minister, on behalf of
Shayne Ramsay
Chief Executive Officer
BC Housing

NOTICE: This email message, including any attachments, is confidential, subject to copyright and may be privileged. Any unauthorized use or disclosure is prohibited.

AVIS: Le présent message, incluant toute pièce jointe, est confidentiel, protégé par des droits d'auteur et peut contenir des renseignements privilégiés. L'utilisation ou la communication non autorisée de ces renseignements est interdite.



RE: BC update
Stewart, Rob (FIN)

to:
esiddall@cmhc-schl.gc.ca, Rochon, Paul (FIN), Anderson, Leah (FIN)
02/11/2016 09:02 AM

Cc:
"smennill@cmhc-schl.gc.ca", "kwright@cmhc-schl.gc.ca"

Classification:

Hide Details

From: "Stewart, Rob (FIN)" <rob.stewart@canada.ca>
To: "esiddall@cmhc-schl.gc.ca" <esiddall@cmhc-schl.gc.ca>, "Rochon, Paul (FIN)" <paul.rochon@canada.ca>, "Anderson, Leah (FIN)" <leah.anderson@canada.ca>, "Cc: "smennill@cmhc-schl.gc.ca" <smennill@cmhc-schl.gc.ca>, "kwright@cmhc-schl.gc.ca" <kwright@cmhc-schl.gc.ca>

A belated thanks for this, Evan. We're with you.

We have some questions on the options and potential responses. Kevin, you should expect follow-up from us.

Rob Stewart
Associate Deputy Minister | Sous-ministre délégué
Department of Finance Canada | Ministère des Finances Canada
90 Elgin St., Ottawa, Canada K1A 0G5

Rob.Stewart@canada.ca

Telephone | Téléphone 613-369-3878

Government of Canada | Gouvernement du Canada

Unless otherwise indicated, this message is intended only for the personal and confidential use of the designated recipient(s) named above. If you are not the intended recipient of this message you are hereby notified that any review, dissemination, distribution or copying of this message is strictly prohibited.

From: esiddall@cmhc-schl.gc.ca [<mailto:esiddall@cmhc-schl.gc.ca>]

Sent: November-01-16 4:00 PM

To: Rochon, Paul (FIN); Stewart, Rob (FIN); Anderson, Leah (FIN)

Cc: smennill@cmhc-schl.gc.ca; kwright@cmhc-schl.gc.ca

Subject: BC update

All,

I met with the BC Housing Minister and my counterpart, the CEO of BC Housing,

I suggest we work with BC and keep you/DOF informed.

Evan