



February 16, 2010

To: Mortgage Brokers

**Re: New Parameters Regarding the Application of the Government
Guarantee for Mortgage Loan Insurance**

Earlier today, the Government of Canada announced new parameters regarding the application of the government guarantee supporting the Canadian mortgage insurance industry. The News Release and Backgrounder issued by the Department of Finance, summarizing the new rules, is attached for your information. The effective date when the new rules are to come into force is April 19, 2010.

CMHC supports the Government of Canada's on-going efforts to maintain a strong Canadian housing market. Consistent with the parameters, CMHC will no longer offer insurance for mortgages falling outside the scope of the new parameters after the effective date. Similarly, only mortgages falling within the scope of the new parameters will be eligible for CMHC securitization programs.

CMHC will also be implementing changes to the calculation of a borrower's Total Debt Service Ratio where rental income is generated from the subject property. Effective April 19, 2010, fifty percent of the gross rental income from the subject property may be included into the borrower's gross annual income for the purposes of calculating the borrower's Total Debt Service Ratio. Additionally, the CMHC Second Home product will only be available for one unit owner occupied properties.

For more information, you may contact Benoit Sanscartier, Director, Insurance Policy and Technology Operations at 613-748-2090.

Sincerely,

Pierre Serré
Vice-President,
Insurance Product and Business Development