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DBRS Confirms Reopening of Canada Housing Trust™ No. 1 Series 18 Notes at AAA

Industry: Sec.--RMBS

Canada Housing Trust™ No. 1 (the Trust) has reopened the 4.55% December 15, 2012 Canada Mortgage Bonds™ Series 18 (the Bonds) by issuing additional Bonds. DBRS is confirming the rating of the additional Bonds at AAA with a Stable trend. The additional Bonds have been issued in an aggregate principal amount of \$9.5 billion and will mature on December 15, 2012 (the Final Maturity Date). The structural features of the additional Bonds are identical to the outstanding Series 18 Bonds issued by the Trust in September 2007. The Bonds are semi-annual, bullet maturity bonds and will pay interest on June 15 and December 15 of each year until the Final Maturity Date, when the final interest and repayment of principal will be due. The Bonds are backed by a full guarantee (the CMHC Guarantee) provided by Canada Mortgage and Housing Corporation (CMHC), in its capacity as Agent for Her Majesty in Right of Canada. The Bonds are consequently rated at the same level as CMHC's senior unsecured debt rating of AAA; which mirrors DBRS's Canadian sovereign rating of AAA for the Government of Canada's domestic and foreign currency obligations. As an Agent of Her Majesty in Right of Canada, CMHC's debt obligations and guarantees are direct obligations of the Government of Canada.

The proceeds from the issuance of Bonds will be used by the Trust to acquire insured residential mortgages in the form of pools of Mortgage Backed Securities that have been created by CMHC-approved lenders (the Approved Lenders), and that meet certain eligibility criteria (the Trust Assets). The Approved Lenders will collect monthly payments from mortgagors and forward them to the Trust, which will then use the cash flows from these high-quality Trust Assets as well as hedging agreements to meet its obligations to Bondholders. All hedging counterparties must be approved by CMHC. The CMHC Guarantee will ensure timely payment to Bondholders to the extent that the Trust has insufficient funds to meet its expenses. As a result, the Trust has granted CMHC a first-priority security interest in the Trust Assets to the extent of any payments made to Bondholders under the CMHC Guarantee.

Note:

All figures are in Canadian dollars unless otherwise noted.

Issuer	Debt Rated	Rating Action	Rating	Trend	Latest Event
Canada Housing Trust™ No. 1	4.55 % Canada Mortgage Bonds™ Series 18	Confirmed	AAA	Stb	Dec 13, 2007



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