

Schedule B
Qualified Mortgage Lender Criteria

1. The lender shall be considered a Qualified Mortgage Lender under this Schedule if,
 - a. on October 15, 2008, the lender was an “approved lender” within the meaning of section 2 of the *National Housing Act (Canada)*, and
 - b. after October 15, 2008, the lender meets the criteria set out in sections 2 to 4 of this Schedule.
2. Subject to the exceptions set out in section 3 below, to be considered a Qualified Mortgage Lender after October 15, 2008, the lender must
 - a. be a corporation duly incorporated provincially or federally in Canada and be legally authorized to lend in the jurisdictions in which it operates,
 - b. have a minimum of \$1,000,000 of unencumbered paid-up capital stock and be a financially sound institution,
 - c. have (i) a minimum of three years experience in underwriting residential mortgage loans in Canada (ii) a satisfactory record of at least three years in respect of conventional residential loan activities and (iii) the capability and resources to underwrite and make loan commitments, and
 - d. have (i) a minimum of three years experience in administering residential mortgage loans in Canada (ii) a satisfactory record of at least three years in respect of conventional residential loan activities and (iii) the capability and resources to administer residential mortgage loans and meet all insurance conditions.
3. If the lender does not
 - a. satisfy the criteria set out in section 2(c) above, the lender may be considered a Qualified Mortgage Lender only with respect to the administering of residential mortgage loans in Canada if the lender satisfies the criteria set out in sections 2(a), 2(b) and 2(d), or
 - b. satisfy the criteria set out in section 2(d) above, the lender may be considered a Qualified Mortgage Lender only with respect to the underwriting of residential mortgage loans in Canada if the lender satisfies the criteria set out in sections 2(a), 2(b) and 2(c).
4. If a lender no longer satisfies the criteria set out in sections 2(b), 2(c) and 2(d) above, the mortgage insurer may give the lender an opportunity to develop and implement, within a reasonable period of time, a corrective plan that would permit the lender to retain its Qualified Mortgage Lender status.
5. Notwithstanding section 4 of this Schedule, the criteria set out section 2(c) and 2(d) may be waived by the mortgage insurer if
 - a. the lender is a subsidiary of a parent corporation that is a Qualified Mortgage Lender, and
 - i. the parent corporation will fulfill either or both of the underwriting and administering of residential mortgage loans in Canada for the subsidiary lender,

- ii. the parent corporation will be accountable to the mortgage insurer for the performance of the subsidiary lender in relation to the mortgage loan, and
 - iii. the lender meets all other criteria set out in this Schedule, or
- b. the lender has paid-up capital of at least \$5,000,000 and has at least two mortgage officers who
 - i. have a minimum of (10) years mortgage experience that is satisfactory to the mortgage insurer, and
 - ii. are responsible to underwrite or administer, as the case may be, the lender's residential mortgage loans in Canada.