

addition to the basic joint loan provided for home-ownership building, was discontinued. At the same time, direct assistance by the Central Mortgage and Housing Corporation on rental insurance projects was also suspended and, in addition, the amount of rentals guaranteed on projects financed by lending institutions, formerly calculated on the basis of an 85 p.c. mortgage, was to be calculated on the basis of an 80 p.c. mortgage. These changes were introduced to permit an accelerated flow of construction resources into the expanding defence and defence-supporting construction program, and to keep the housing program within the limits of prospective total resources.

A further change occurred in June 1951 when the rate of interest payable by a borrower on joint loans was increased from  $4\frac{1}{2}$  p.c. to 5 p.c. per annum calculated semi-annually. Increases of  $\frac{1}{2}$  to 1 p.c. in the interest rate were also effected with respect to rental insurance loans, primary producer housing loans and limited-dividend corporation housing loans. These changes came as a result of the increase, early in the year, in conventional mortgage interest rates and other long-term interest rates.

The third change occurred in October 1951, when down-payment requirements under the Act were reduced to 20 p.c. for prospective home-owners and for builders of dwellings for sale, provided that there was an agreed sale or contract price. Special provisions were also made for loans on dwellings for defence workers on the basis of a down-payment of 10 p.c. With respect to rental housing, the regulations provide that, failing financing from lending institutions, Central Mortgage and Housing Corporation will again consider applications for direct loans under the Rental Insurance Plan on an 80 p.c. basis. Also, for approved rental insurance projects for defence workers, direct loans of 85 p.c. of the estimated project cost and guarantees on the basis of such loan may be approved. In such cases the maximum return of rentals to the owner was extended from three to five years.

The Central Mortgage and Housing Corporation joins with approved private lending institutions in making loans to prospective home-owners or builders of dwellings for sale or for rental. The Corporation advances 25 p.c. of the loan and the lending institution 75 p.c. These joint loans are amortized over a period of not more than 30 years and, in the case of loans to prospective home-owner defence workers, for a period not exceeding 25 years.

The Central Mortgage and Housing Corporation may make direct loans for house building in areas beyond the normal operations of lending institutions on a basis similar to that for joint loans. Special provisions are effective in the case of prospective home-owner defence workers or builders of dwellings for sale to defence workers. Direct loans may also be made for low- and medium-rental units to limited-dividend companies and companies engaged in the primary industries of logging, lumbering, fishing and mining. Up to the end of 1951, 19 limited-dividend companies had been formed under the sponsorship of business companies or local groups supplemented in some cases by municipal grants or contributions from service clubs. Many of the units constructed through these companies are occupied by widows and old-age pensioners. In addition, when private lending institution funds are not available for suitable rental insurance projects, such projects may be financed by direct loans.

The Rental Insurance Plan, instituted in 1948, is designed to encourage the construction of rental housing accommodation. Owners of projects built under the Plan are guaranteed a return of rentals sufficient to pay taxes, operating expenses,