The maximum rates of interest on loans made under the new Act continue to be set by the Governor General in Council: at the time rates are promulgated they are not to exceed the yields on long-term Government of Canada bonds by more than certain margins. On insured loans, the maximum margin by which the mortgage rate may exceed the bond rate is $2\frac{1}{2}$ p.c. On Mar. 19, 1954, the rate on insured loans for home ownership, home conversion, rental housing projects, and farm housing was set at $5\frac{1}{2}$ p.c.; previously the rate paid by borrowers on these loans, other than those for home conversion, was $5\frac{1}{4}$ p.c.

For all insured loans, Central Mortgage and Housing Corporation passes the plans and specifications, makes appraisals and undertakes the construction inspections to ensure compliance with approved standards.

Under the new Act, as under the earlier legislation, the Central Mortgage and Housing Corporation may make direct loans for house building in areas where mortgage loans, under the Act, are not available from private lenders. These loans are made on the same basis as are those made by approved lenders under the Act.

The provisions of the earlier legislation for direct loans to limited dividend housing corporations and to companies engaged in the primary industries of logging, lumbering, fishing and mining are retained in the new Act. Loans to limited dividend housing corporations are made at low rates of interest for the construction of low and medium rental housing units. By March 1954, 33 companies had been formed under the sponsorship of business companies or local groups; the financing of some of these was supplemented by municipal grants or contributions from service clubs. Many of the dwelling units constructed by these companies are occupied by widows and old-age pensioners.

Section 36 of the National Housing Act, 1954, provides that, following agreements between a provincial government and the Government of Canada, the Central Mortgage and Housing Corporation may undertake, jointly with the province, the development of a housing or land-assembly project. Capital costs, profits and losses of such projects are shared 75 p.c. by the Federal Government and 25 p.c. by the province. The provincial government, in turn, may require the municipality concerned to participate in the provincial share. By March 1954, all provinces, except Prince Edward Island, had passed complementary legislation and projects were under way, or completed, in seven of the nine provinces with enabling legislation.

Under the legislation, three main types of housing agreement have been evolved:—

(1) the construction of houses for rental on an economic or sub-economic basis;

(2) the assembly and servicing of residential lots for sale to builders and prospective home-owners;

(3) combined rental-housing and land-assembly projects where a portion of the land developed is used for housing and the remainder sold.