

lenders. Provision is also made for federal-provincial co-operation in land assembly and development and in the construction and ownership of low rent housing; assistance in housing redevelopment and the clearance of blighted areas; and rental guarantees and guarantees of loans for home improvement and extension.

The insurance of a mortgage loan made under the Act requires that a single fee for the insurance be paid by the borrower at the time the loan is made. This fee is added to the amount of the approved loan and varies between $1\frac{3}{4}$ p.c. and $2\frac{1}{2}$ p.c. of the loan amount, depending upon whether home owner or rental housing is being financed and whether instalment advances are made. The Central Mortgage and Housing Corporation is the underwriter.

In an insurance claim the approved lender is required to complete such legal proceedings as are necessary to transfer the property, with clear title, to the Central Mortgage and Housing Corporation. The regulations under the Act require that the insurance claim be made within 30 days of the time the claimant acquires clear title. The settlement includes allowances for principal, interest and settlement costs. The claimant receives 98 p.c. of the amount owing on the principal at the time foreclosure proceedings were instituted or, where no such proceedings were involved, at the time the property was acquired, less any repayments made by the borrower during proceedings. The payment also includes the full amount of such approved charges as were advanced to the borrower in order to maintain the security of the mortgage, e.g., fire insurance premiums. The allowance for interest payments in default at the time the property is conveyed to the Corporation is 98 p.c. of the amount of such payments due or accrued for the default period up to a maximum of six months, less any repayments made by the borrower during proceedings. An additional amount is paid when the default period is more than six months. For settlement costs the claimant receives \$125 as compensation for the acquisition fee and other approved legal disbursements.

For insured loans on dwellings for home ownership, other than for certified defence workers, the maximum loan-to-value ratio is set at 90 p.c. of the first \$8,000 of the lending value and 70 p.c. of the remainder, subject to a maximum loan of \$12,800 set by regulation. For a duplex the loan is calculated on the same 90 p.c. and 70 p.c. basis for the first half of the lending value with 80 p.c. allowed on the second half of the lending value, subject to a maximum set by regulation at \$15,300. For dwellings for certified defence workers the ratio of the loan amount to lending value is 90 p.c. For farm dwellings loans may be made for \$10,000 or two-thirds of the appraised value of the farm, whichever is the lesser amount.

For rental housing projects insured loans may be made up to 80 p.c. of the lending value of the project and up to a maximum amount of \$7,000 per dwelling for multiple family dwellings. For home conversion insured loans must not exceed the lesser of 70 p.c. of the lending value of the structure, including land, when the alteration is completed, or the cost of the alterations together with the amount necessary to discharge all encumbrances on the title to the land.

The usual term of an insured loan for a dwelling for home ownership is 25 years but loans for shorter periods may be approved at the borrower's request. For rental housing projects the term of the loan may not exceed 25 years and for home conversion the maximum is 15 years.

The maximum rate of interest on insured loans is set by the Governor General in Council. At the time the rate is promulgated it may not exceed the yield on 20 year Federal Government bonds by more than $2\frac{1}{2}$ p.c. On Feb. 17, 1955 the maximum rate on insured loans for home ownership, home conversion, rental housing projects and farm housing was reduced by regulation from $5\frac{1}{2}$ p.c. to $5\frac{1}{4}$ p.c. On May 9, 1955 the Royal Bank of Canada announced that it would approve loans under the Act at an interest rate of 5 p.c. This change was followed by many other approved lenders. For all insured loans the Central Mortgage and Housing Corporation approves the plans and specifications, makes appraisals and undertakes the construction inspections to ensure compliance with approved standards.