

principal owing on the mortgage, approved borrowers' charges and interest, together with an acquisition fee of \$125 and approved taxable legal disbursements. The usual term of an insured mortgage loan is 25 years.

For home ownership, the loans may be 90 p.c. of the first \$12,000 of lending value and 70 p.c. of the remainder. The total loan cannot exceed \$12,800 plus the insurance fee. For rental housing, loans are limited to 80 p.c. of lending value. Maximum loans are prescribed by Order in Council for various types of housing units. Repayment periods, as well as loan proportions, are prescribed in the National Housing Act. There are special provisions for loans to co-operative groups and defence workers. The maximum interest rate for loans is determined by Order in Council and was set at 6 p.c. in January 1957. The interest rate must not exceed the yield on 20-year Federal Government bonds by more than $2\frac{1}{2}$ p.c. at the time it is set.

The Act requires the Corporation to determine lending values of properties, to prescribe minimum standards of construction and to perform compliance inspections during construction. These and other administrative arrangements are included in the National Housing Loan Regulations established by Order in Council.

During 1956, loans were approved for 38,673 units amounting to \$387,757,000; in the first six months of 1957, loans were approved for 12,264 units amounting to \$132,918,000.

Direct Corporation Loans.—The Act authorizes the Corporation to make direct loans for new residential construction in certain cases:—

- (1) Loans in lieu of private loans. The Corporation may make loans directly to prospective borrowers who are unable to obtain loans from a private approved lender. These loans are subject to the same terms and conditions as insured loans. Government policy has directed that, except for defence worker loans, direct loans are not available in metropolitan areas, nor in cities with more than 55,000 population, nor to merchant builders, nor to rental investors.
- (2) Loans to limited dividend companies. The Corporation, with the approval of the Governor in Council, may make a direct loan to a limited dividend company for the construction of moderate- or low-rental housing. Such loans may be up to 90 p.c. of the lending value and may be repayable over a period of up to 50 years.
- (3) Loans to primary producers. The Corporation may make a loan to a company engaged in mining, lumbering, logging and fishing for the construction of a moderate cost rental housing project. Such loans may be up to 80 p.c. of the lending value. The term may not exceed 15 years.

The rates of interest for loans to limited dividend companies and primary producers are established by Order in Council. The interest rate on limited dividend loans is restricted to a rate not exceeding the rate on long-term government bonds plus $\frac{1}{2}$ of 1 p.c. In the case of primary producer loans, the rate must not exceed the bond rate by more than $1\frac{1}{2}$ p.c.

In 1956, 26 loans were approved for 1,620 units to limited dividend companies; their value was \$10,600,000. In the first six months of 1957, 25 loans for 1,190 units totalling \$8,930,000 were approved. Six loans for 290 units totalling \$2,500,000 were approved in 1956 for primary industries and, in the first six months of 1957, five loans for 416 units amounting to \$3,700,000 were approved.

In 1956 other direct loans were approved for 700 units amounting to \$6,300,000 and in the first half of 1957 other loans for 1,969 units totalling \$19,600,000 were approved.

In addition to making direct loans, the Corporation may also supply money to private lenders to make loans on behalf of the Government. No such activity was undertaken in 1956. Arrangements for making such loans, however, were entered into with the approved lenders in September 1957, and over 16,000 units were approved by December 1957.

Purchase and Sale of Mortgages.—The Act provides that any person or company may purchase insured mortgages in Canada, provided that the mortgage is continuously administered by an approved lender. During 1956, 4,922 insured mortgages totalling