

Insured Mortgage Loans.—On behalf of the Federal Government, the Central Mortgage and Housing Corporation insures loans made by approved lenders to assist in the financing of new house construction for either home ownership or rental. The chartered banks, most of the life insurance companies and a number of other private financial institutions have been approved as lenders under the Act. The borrower pays an insurance fee which is remitted by the lender to the Corporation and paid into a mortgage insurance fund. When claims are made on the fund, the Corporation will pay the approved lender 98 p.c. of the aggregate of the principal owing on the mortgage, approved borrower's charges and interest, together with an acquisition fee of \$125 and approved taxable legal disbursements.

For home ownership, the loan may be 90 p.c. of the first \$12,000 of lending value, plus 70 p.c. of the remainder. The total loan may not exceed \$12,800. For rental housing, the loan is limited to 80 p.c. of the lending value and the maximum amount of the loan is prescribed by Order in Council for the varying types of dwellings. The repayment periods and the loan proportions are prescribed in the National Housing Act. The usual term of an insured mortgage loan is 25 years, although for home ownership loans it may be 30 years. The maximum interest rate for loans, established by Order in Council, was set at 6 p.c. in January 1957. The interest rate may not exceed the rate on long-term Federal Government bonds by more than $2\frac{1}{4}$ p.c. at the time it is set.

The Act requires the Corporation to determine lending values of properties, to prescribe standards of construction and to perform compliance inspections during construction. These and other administrative arrangements are set out in the National Housing Loan Regulations established by Order in Council. To the end of 1958, loans totalling \$2,135,890,000 had financed 211,516 dwellings under the insurance provisions of the 1954 Act.

Direct Corporation Loans.—The National Housing Act authorizes the Corporation to make direct loans in certain cases. (1) With the approval of the Governor in Council, the Corporation may make a direct loan to a limited-dividend housing company for the construction of 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. The interest rate is established by Order in Council and is restricted to a rate not exceeding the rate on long-term Federal Government bonds plus $\frac{1}{2}$ of 1 p.c. Between 1946 and the end of 1958, loans to limited-dividend housing companies were approved for over 21,745 units, amounting to \$154,912,000. Over 3,000 of these units were constructed specifically for elderly persons. (2) Loans may be made by the Corporation where ordinary loans are not available from approved lenders. At present, home-owner applicants in centres of less than 55,000 population who are unable to obtain loans from a private approved lender may obtain direct loans from the Corporation subject to the same terms and conditions as insured loans. Subject to limitations which place the houses in the small homes category, home-owner or merchant-builder applicants may obtain direct loans in any area regardless of population if loans are not available from private lenders. Direct loans are also available to defence workers, to veterans building under the Veterans' Land Act, and to co-operative building societies. Direct loans financed 32,588 dwellings between 1949 and the end of 1958, loans totalling \$312,229,000. (3) The Act authorizes the Corporation to make loans to a company engaged in mining, lumbering, logging or fishing for the construction of moderate-cost rental housing. Although no primary industry loans have been made recently, between 1946 and mid-1957 loans were approved for 916 dwellings in the amount of almost \$7,000,000.

In addition to making direct loans, the Corporation may also supply money to private lenders acting as agents to make loans on behalf of the Government. Arrangements for making such loans were in effect between September 1957 and April 1958. In 1957, agency loans were approved for 16,346 units amounting to \$158,000,000, and in 1958 for approximately 11,300 units totalling \$118,558,000.