For single-family home ownership, loans may be up to 90 p.c. of the first $12,000 of lending value and 70 p.c. of the balance but may not exceed a total of $12,800, plus the insurance fee. For multiple-rental dwellings the loan may not exceed 80 p.c. of the lending value with a maximum of $8,250 per family unit. For loans for types other than single home-owner units, the maximum loan varies with the type of unit. The period of repayment for home-owner loans must be at least 25 years (unless a lesser period is requested in writing by the borrower) and not more than 30 years. Rental loans are repaid over 25 years and home conversion loans over 15 years, unless lesser periods are requested by the borrowers. Repayments are made in equal monthly instalments including principal, interest and municipal taxes. The maximum interest rate is prescribed by the Governor in Council; on Dec. 17, 1959 it was increased from 6 p.c. per annum to 6¾ p.c.

Loans.—Sect. 40 of the National Housing Act authorizes the Corporation to make any type of loan that may be made by an approved lender under Part I of the Act (home-owner, defence worker, co-operative, builder or rental) or under Sect. 15 (rental guarantee projects where in the opinion of the Corporation a loan is not available to a satisfactory applicant through an approved lender). By Government policy, direct loans for rental guarantee projects have not been made in recent years. Loans corresponding to Part I loans have in the past been restricted in general to home ownership in the smaller urban centres. On May 22, 1958, however, direct lending was extended to include builders in any area and home owners in the larger centres, with the loans subject to size limitations which place the house in the small home category. Loans were made through agents of the Corporation between Sept. 3, 1957 and the suspension of the arrangements, which occurred for rental loans on Feb. 8, 1959 and for home-owner and builder's loans on Apr. 10, 1958. Funds that were available to CMHC under the statutory vote for direct lending purposes were fully committed in the first 10 months of 1959 and it was necessary to stop accepting new applications on Oct. 30.

Under Sect. 16 of the National Housing Act, the Corporation, with Government approval by Order in Council, may make a loan to a limited-dividend housing company to assist in financing the construction of a low-rental housing project or in the purchase of existing buildings and their conversion into a low-rental housing project. The dividends of the company are limited by the terms of its charter to 5 p.c. or less of paid-up share capital. A loan under Sect. 16 may not exceed 90 p.c. of the lending value which is established by the Corporation. The period for repayment may not exceed the useful life of the project and in any case may not be for more than 50 years. The interest rate is established by Order in Council. The 10-p.c. equity must be provided by the borrower in cash in advance. The company must present evidence that conditions of shortage, overcrowding or substandard housing exist in the district. Plans and specifications must be approved by the Corporation. The borrower pays to the Corporation an application fee of $35 for each housing unit in the project. This may be reduced to $17.50 a unit if evidence is submitted that dividends payable will not be taxable under the Income Tax Act when received by the shareholders.

Limited-dividend projects are subject to proven end costs. The total loan plus the equity must not exceed the actual cost of the project. If final costs are less than originally established, the loan is reduced proportionately. The loan is also reduced by the net revenue earned prior to the completion of construction. The borrower enters into an operating agreement with the Corporation fixing the rentals, income ranges of eligible tenants, the establishment and use of reserves and the submission of annual financial statements. Those considered eligible for accommodation are persons with incomes in the lower third of the income level of the municipality. An in-coming tenant's family income must not exceed four times the shelter rent of the dwelling unit. A tenant's lease is automatically terminated when his family income rises above five times the shelter rent.

Projects may be designed especially for the elderly. These projects have usually been sponsored by non-profit organizations requiring no return on equity. The Corporation requires that the limited-dividend company contribute at least half of the required