

rental loan the borrower pays $2\frac{1}{2}$ p.c. of the loan if advances are required during construction and $2\frac{1}{4}$ p.c. if the loan is not required until construction is complete. In some areas, lenders have arranged to make the inspections for progress advances.

For single-family home ownership, loans may be up to 95 p.c. of the first \$12,000 of lending value and 70 p.c. of the balance but may not exceed a total of \$14,200 for a house with three or fewer bedrooms. Maximum loan for a house with more than three bedrooms is \$14,900; for types other than single home-owner units, the maximum loan varies with the type of unit. Loans for rental housing may be up to 85 p.c. of the lending value of the project and are subject to maximum loan amounts on dwelling types. The maximum loan available for multiple-family dwellings is \$8,750 per family unit. The period for repayment of home-owner loans must be at least 25 years (unless a lesser period is requested in writing by the borrower) and may be up to 35 years if the lender agrees. The term of rental loans may not exceed 35 years and home conversion loans 15 years, unless shorter periods are requested by the borrowers. Repayments are made in equal monthly instalments, including 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 $6\frac{1}{2}$ 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 placed the houses in the small home category. Loans were made through agents of the Corporation between Sept. 3, 1957 and the suspension of the arrangements—Feb. 8, 1959 for rental loans and Apr. 10, 1959 for home-owner and builder loans. Funds that were available to CMHC under the statutory vote for direct lending purposes were fully committed in the first ten months of 1959 and it was necessary to stop accepting new applications on Oct. 30.

In January 1960, Parliament voted an additional \$500,000,000 for direct lending by CMHC and indicated that \$175,000,000 would be allocated during the year. Lending to prospective home owners was resumed in April and to merchant builders with commitments from *bona fide* purchasers in September.

Under 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 equity must be provided by the borrowers before NHA advances can be made. 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.