

gross debt service—the ratio of repayments of principal and interest plus municipal taxes to the income of the borrower—should not exceed 27 p.c., although instances involving higher ratios may be considered on their merits. The borrower pays an insurance fee which is added to the amount of the loan and is repaid over the term of the mortgage; the fee ranges from 1½ p.c. to 2½ p.c. of the loan, according to type of unit and time of mortgage advances.

For home-ownership housing, loans may be up to 95 p.c. of the first \$13,000 of lending value and 70 p.c. of the balance but may not exceed a maximum of \$18,000. Loans for rental houses may be up to 85 p.c. of the lending value, subject to the same maximum loan amount. The maximum loan available for apartment multiple-family dwellings is \$12,000 per family housing unit. The period for loan repayment is usually 25 years but may be extended to 35 years if the lender agrees. Repayments are made in equal monthly instalments which include payment of interest and loan principal. The total monthly payment includes one twelfth of the estimated municipal taxes. The interest rate is prescribed by the Governor in Council; on June 13, 1963, it was reduced from 6½ p.c. to 6¼ p.c.

*Direct Loans.*—CMHC may make direct loans for both home-ownership and rental housing where, in the opinion of the Corporation, loans are not available through approved lenders. Loans are made to any eligible home-owner applicant but direct loans to builders are subject to a requirement that the houses be pre-sold to satisfactory purchasers. Since 1963, loans not subject to pre-sale condition have been made available to support the Federal Government's winter-building incentive program by ensuring an adequate supply of mortgage funds. By the end of 1964, direct lending by the Corporation totalled approximately \$2,250,000,000 and in June 1965 the amount that may be advanced for this purpose out of the Consolidated Revenue Fund was increased from \$2,500,000,000 to \$3,250,000,000.

CMHC, with Government approval by Order in Council, may make loans to non-profit corporations and limited-dividend housing companies to assist in financing the construction of low-rental housing projects or in the purchase of existing buildings and their conversion into a low-rental housing project. In addition to self-contained units, developments undertaken by non-profit corporations may include hostel or dormitory accommodation for the elderly and low-income individuals. The dividends of a limited-dividend company are restricted by the terms of its charter to 5 p.c. or less of paid-up share capital. Loans may be up to a maximum of 90 p.c. of the lending value established by CMHC. The period for repayment may not exceed the useful life of the project and in any case may be for not more than 50 years. The interest rate is established by Order in Council. Plans and specifications for such projects must be approved by the Corporation as well as financing and operating arrangements.

Since December 1960, the National Housing Act has provided financial assistance for the elimination or prevention of water and soil pollution. CMHC is authorized to make a loan to a province, municipality or a municipal sewerage corporation for the construction or expansion of a central plant for the treatment and disposal of sewage wastes and the construction of one or more trunk collector sewers. The loan may not exceed two thirds of the cost of the project and the maximum repayment term is 50 years from date of completion. The interest rate is prescribed by the Governor in Council. The agreement covering the project contains a condition whereby 25 p.c. of the loan principal and 25 p.c. of the