

home-owner applicants, to builders constructing houses for sale or for rent and for some special groups, such as co-operative housing associations and farmers. Insured loans are also available for the purchase, improvement, refinancing or sale of existing home-ownership and rental housing in designated urban renewal areas. Loans for existing housing in other areas are available only to purchasers wishing to occupy and improve such dwellings.

The maximum interest rate on insured loans is governed by a formula which permits the rate to fluctuate in accordance with changing yields on long-term government bonds. Under this arrangement, introduced in November 1966, the rate is automatically reviewed each quarter to maintain its level at  $1\frac{1}{2}$  p.c. above the bond yield. In March 1967, the rate was reduced from  $7\frac{1}{4}$  p.c. to 7 p.c. but reverted to  $7\frac{1}{4}$  p.c. in July. Lenders may charge less.

Upon application, the borrower pays CMHC a fee of \$35 per unit to help defray expenses incurred in the examination of plans and specifications, in the determination of lending values and in compliance inspections during construction. An approved lender requires evidence that a home owner or home purchaser is providing 5 p.c. of the value of the house from his own resources. For the home owner this equity may be in the form of cash or a combination of cash, land and labour; for the home purchaser it may be in cash or labour. The regulations require that 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  $1\frac{3}{4}$  p.c. to  $2\frac{1}{2}$  p.c. of the loan, according to type of unit and time of mortgage advances.

Home-ownership loans may be 95 p.c. of the first \$13,000 of lending value and 70 p.c. of the remainder for new housing. Rental housing loans may be for 90 p.c. of lending value. For single-family houses the maximum loan is \$18,000 and for multiple-family dwellings \$12,000 per unit. Loans for existing home-ownership and rental housing in urban renewal areas may be for 85 p.c. of lending value, subject to the same maximum amounts as for new housing. Loans for existing houses outside urban renewal areas may be 95 p.c. of the lending value, up to a maximum amount of \$10,000. The repayment period may be up to 35 years for new home-ownership and rental housing and for existing home-owner dwellings outside urban renewal areas. A maximum period of 25 years applies to existing houses in renewal areas.

*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. By the end of 1966, direct lending by the Corporation totalled approximately \$3,230,000,000. The amount that may be advanced for this purpose out of the Consolidated Revenue Fund is \$4,000,000,000.

CMHC, with Government approval by Order in Council, may make loans to non-profit corporations to assist in financing the construction of low-rental housing projects or in the purchase of existing buildings and their conversion into low-rental housing projects. In addition to self-contained units, developments undertaken may include hostel or dormitory accommodation for the elderly and low-income individuals. 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 not be for 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