

purchase of existing housing may be up to 95% of value. Maximums for single, semi-detached and row housing are \$23,000 per unit. These loans are not available for rental housing or for the purchase of buildings containing three or more housing units. The period of repayment may be up to 40 years for new home-ownership and rental housing. For existing housing this period is 40 years or the remaining life of the building, whichever is the lesser.

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 normally subject to a requirement that the houses be pre-sold to satisfactory purchasers. In 1971, private funds made available for mortgage loans were about double the level for 1970. The resulting decreased demand for CMHC direct loans produced a drop of 47% in federal aid to new construction in the private market and an increase in federal funds for the financing of lower-cost housing.

CMHC may make loans to any organization, corporation or individual 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 may include hostel or dormitory accommodation for elderly and low-income individuals. Loans may be up to a maximum of 95% 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 as well as financing and operating arrangements must be approved by the Corporation.

Since December 1960, the National Housing Act has made funds available to assist in 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 to construct or expand sewage treatment facilities. 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. Interest is at a rate fixed by the Governor in Council. Agreements covering such projects contain a "forgiveness" clause applicable to both the principal of the loan and accrued interest conditional on satisfactory completion by March 31, 1975. If construction is not complete by that date, 25% of the loan advanced or warrantable by construction progress, plus 25% of the accrued interest on advances, may be forgiven.

Long-term loans are available to a province or its agency, a municipality or its agency, a hospital, school board, university or college, co-operative association or charitable corporation for construction of student housing projects, or to acquire existing buildings and convert them into student residences. In all cases, the government of the province concerned must approve the loan. CMHC may lend up to 90% of the project cost, subject to maximum amounts as follows: \$30,000 per new unit; \$23,000 per self-contained unit or existing housing unit; and \$8,000 per student housed in dormitory or hostel accommodation. The term of the loan may not exceed 50 years or the existing life of the building, whichever is less. The interest rate is prescribed by the Governor in Council.

Home improvement loans. CMHC is authorized to give a limited guarantee to banks or approved instalment credit agencies in return for an insurance fee paid by the borrower on loans made for additions, repairs and alterations to existing houses and apartments. A home improvement loan and the balance owing on any existing NHA home improvement loan on the property may not exceed \$4,000 for a one-family dwelling or \$4,000 for the first unit of a duplex, semi-detached or multiple-family dwelling, plus \$1,500 for each additional unit. Loans are repayable in monthly instalments over a period not exceeding ten years. The maximum rate of interest is restricted to $2\frac{1}{4}\%$ above the long-term government bond rate adjusted quarterly to the nearest one eighth of 1%.

Public housing. Under the National Housing Act and complementary provincial legislation, the federal and provincial governments may enter into partnership agreements to build rental housing for families and individuals of low income or to purchase and rehabilitate existing housing for this purpose; hostel or dormitory accommodation, in addition to self-contained units, may be included. The federal government pays up to 75% of the capital costs and the provincial government the remainder, although the latter may call upon the municipality concerned to bear a portion of the provincial share. Rents for units in federal-provincial