

existing life of the building, whichever is less. The interest rate is prescribed by the Governor in Council. During 1975, one loan amounting to \$250,000 was approved to provide accommodation for 53 students. This brought to 349 the number of student housing loans approved during the 14 years since this legislation came into effect, and a total of \$441.25 million loaned. Altogether 68,833 single and 7,114 married students and their families have been accommodated under this program.

Insured loans. Insured mortgage loans may be made for both home-ownership and for rental housing. They are normally available from approved lenders to individual home-owner applicants, to builders constructing houses for sale or rent and for some special groups such as cooperative housing associations and farmers. Insured loans are also available for the purchase, improvement, re-financing or sale of existing dwellings. The conditions governing NHA loans are contained in National Housing Loan Regulations.

Upon application the borrower pays CMHC a fee of \$35 a unit to help defray the costs of examining plans and specifications, determining lending values and conducting compliance inspections during construction. An approved lender requires evidence that a home-owner or home-purchaser is providing at least 5% 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 30%, but 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 seven eighths of 1% to 1.25% of the loan, according to type of unit and timing of mortgage advances. The NHA interest rate is free to find its own level in relation to the open market.

In June 1974, loan maximums for home-ownership of new and existing single-family units to be held under freehold, leasehold or condominium tenure and condominium types in apartment form were set by CMHC on a national, regional or local basis. They vary from \$44,650 to \$55,000 and cover 95% of the first \$47,000 of lending value plus 75% of the balance up to the applicable maximum. For rental accommodation maximum loan levels are the same as for ownership but are based on 90% of the first \$44,444 and 75% of the balance up to the prescribed maximum. The maximum loan for hostel beds is \$15,000 per bed. Maximum loan levels are reviewed quarterly by CMHC. The period of repayment may be up to 40 years for new homes and rental housing. For existing housing this period is the lesser of 40 years or the remaining life of the building.

The investment of \$2.3 billion by the approved lenders for new construction in 1975 was three times the \$776 million invested in 1974. Loans made in 1975 involved 123,025 units, an increase of 124% from the 54,963 units financed a year earlier.

Home improvement loans. CMHC is authorized to give a limited guarantee to chartered 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 10 years. The maximum rate of interest is restricted to 2.25% above the long-term government bond rate adjusted quarterly to the nearest one eighth of 1%. In 1975 chartered banks and approved instalment credit agencies granted 5,124 loans for home improvement totalling \$15.8 million, compared to 6,346 loans amounting to \$18.6 million in 1974. These lenders reported \$25 million as the outstanding debt on these loans at the end of 1975.