

The National Housing Act, 1954.—The National Housing Act, 1954, came into force on Mar. 22, replacing the National Housing Act, 1944. It replaces the former joint loan provisions by a system of insured mortgages, provides for the participation of the chartered banks and Quebec savings banks in mortgage lending under the Act, and establishes the basis for a secondary market in insured mortgages by provisions which permit lenders approved under the Act to sell insured mortgages to individuals and other investors who are not approved lenders. Provision was also made for mortgage loans for home conversion. These loans are insured in the same way as are mortgage loans for the building of new structures.

A number of changes in the terms of loans made under the National Housing Act are introduced in the new legislation but many of the provisions of the National Housing Act are re-enacted either without change or with only minor modifications. Among these are provisions for federal-provincial co-operation in land assembly and development and in the construction and ownership of low-rental housing, and for federal assistance in housing redevelopment and the clearance of blighted areas.

Loans to limited dividend housing corporations and to primary producers, together with guarantees under the rental guarantee plan and guarantees of home improvement and extension loans are re-enacted. Loans for home improvement and extension, however, require an insurance charge of 1 p.c. of the amount of the loan. The powers of the Central Mortgage and Housing Corporation to make direct loans remain unchanged.

The insurance of a mortgage loan made under the Act requires that a single fee for the insurance be paid by the borrower at the time the loan is made. This fee is added to the amount of the approved loan and varies between $1\frac{3}{4}$ and $2\frac{1}{2}$ p.c. of the loan amount, according to the type of loan and whether progress advances are made or not. Insurance fees are deposited in, and claims are paid from, a Mortgage Insurance Reserve Fund administered by the Central Mortgage and Housing Corporation.

In an insurance claim the approved lender is required to complete such legal proceedings as are necessary to transfer the property, with clear title, to the Central Mortgage and Housing Corporation. The regulations under the Act require that the insurance claim be made within 30 days of the time the claimant acquires clear title. The settlement includes an allowance for principal, an allowance for interest, and an allowance for settlement costs. The claimant receives 98 p.c. of the amount owing on the principal of the loan at the time foreclosure proceedings were instituted or, where no such proceedings were involved, at the time the property was acquired. The payment also includes the full amount of such approved charges as were advanced to the borrower in order to maintain the security of the mortgage, *e.g.*, fire insurance premiums. The allowance for interest payments in default at the time the property is conveyed to the Corporation is 98 p.c. of the amount of such payments due or accrued for the default period up to a maximum of six months. An additional amount is paid when the default period is more than six months. For settlement costs the claimant receives \$125 as compensation for the acquisition fee and other approved legal disbursements.