

of all NHA mortgages were amortized over 25 years or more. Mortgage loans from both federal and private sources are available for the construction of rental properties.

Government assistance

Since the introduction of a rewritten National Housing Act in 1954, extensive changes have been made that greatly broaden the scope of federal assistance for housing. In addition to the NHA insurance of private loans, some housing programs are aimed at disadvantaged groups, such as low-income families, the elderly and the rural population. Others provide support for middle-income families and individuals during the first years of home-ownership. Since 1973, NHA financing for housing rehabilitation, land-acquisition and municipal infrastructure has been made available.

Most of these programs combine a loan, a preferential interest-rate, and some form of subsidy or "forgiveness" on the loan.

NHA mortgage insurance

For both borrower and lender, there are several advantages to an NHA loan. The mortgage is insured by the Federal Government against loss owing to default and, since an NHA mortgage may cover up to 95 per cent of the lending value of the property, the down-payment is usually smaller than that required for a conventional mortgage. The 5 per cent equity each borrower must provide from his own resources may consist of cash, land or his own labour, or a combination of these elements. There is a maximum loan set regionally by CMHC for each area of the country.

Insurance companies, banks, trust companies and other lending institutions find NHA-insured mortgages attractive because, in addition to the Government-insurance feature, they offer a good return in a comparatively stable market. When the loan is made, the borrower pays a fee of about 1 per cent into a special mortgage-insurance fund. From this fund, the Corporation undertakes to repay the lender up to 100 per cent of the principal and interest in the event of the borrower defaulting. In such cases, the property concerned reverts to the fund. The percentage of defaults has been very low since the scheme began in 1954.

Formerly, the maximum interest-rate on an NHA mortgage was set by the Government and adjusted quarterly according to an estab-