number of housing starts in a hurry by accepting and dealing with applications for N.H.A. insured mortgage loans in the same way as for their own N.H.A. loans, but using C.M.H.C. (Government) money instead. These were a variation on C.M.H.C. direct loans, as authorized by Section 40 of the Act. Mr. Stewart Bates mentioned this type of loan in his statement, but here it is merely wished to emphasize that by using the facilities of the approved lenders a volume job was completed in short order. The chartered banks co-operated fully and were of material and important assistance due to their coast to coast branch system.

Interest Rate:

A point of importance, affecting all lenders—and development of a secondary market—is the question of the maximum interest rate set under the Act. The present rate of 6% which is within the maximum permitted at time of fixing by the formula of $2\frac{1}{4}$% over the rate for long term Canada bonds, has been competitive with other interest rates and in 1958 has been drawing out a good volume of funds for N.H.A. mortgage loans. It is essential, if in a free investment market N.H.A. mortgages are to continue to compete successfully for funds, that the interest rate be maintained at a proper level. For example, secondary market investors such as the pension funds already mentioned, will not augment the supply of mortgage funds by purchasing N.H.A. mortgage loans if the yield is not competive with that for other investments. A lesson can be learned from the United States where, under the government-sponsored housing programmes, Federal Housing Administration and Veterans' Administration, efforts to hold the maximum permitted interest rates down resulted in a drying-up of funds, even when circumventions in the form of "discounts" from mortgage amounts, in some instances officially recognized and authorized, were applied to raise the effective rates to the lender. In other words, the job cannot be done by setting unrealistic returns for housing money. Fortunately, this fact appears to be well-recognized by the authorities in Canada.

Home Improvement Loans:

In the same field of adequate shelter is the problem of maintenance, improvement and expansion of existing housing. Part IV of the National Housing Act provides for what are known as Home Improvement Loans, made by lenders with Government guarantee (up to 5% of total loans made) for which a fee is paid by the borrower. The justification for the guarantee is that these loans are made for longer terms than under ordinary bank credit, as long as 10 years, and in some instances without security of any kind other than signature and endorsement of husband or wife. Home Improvement Loan provisions of the Act went into full effect in February 1955, when it was felt that the influence of the National Housing Act on the housing construction resources of the country no longer needed to be concentrated on new housing.

The banks have urged the public to make full use of the Home Improvement Loan facilities in the Act, and on several occasions when the authorities asked for special attention in that direction, particularly to encourage work opportunities during normally slack construction months in Winter, response was readily forthcoming in additional advertising. Home Improvement Loans have, in fact, been given a good idea of special advertising treatment. In addition, campaigns by manufacturers, contractors, and others, have received the co-