Housing Act loan. The mortgage is insured by the Government, 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 percent equity each borrower must provide from his own resources may consist of cash, land or his own labour, or a combination of these elements.

Insurance companies, banks, trust companies and other lending institutions find NHA 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 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 of an NHA mortgage was set by the Government and adjusted quarterly according to an established formula.

In 1969, the NHA maximum ceiling interest-rate was abolished, with a view to avoiding the fluctuations of NHA mortgage flows that had occurred periodically when the interest-rate was fixed. As a result of the Government guarantee, NHA mortgages still tend to have a lower interest-rate than conventional mortgages.

## Public Housing

The Federal Government, through the Central Mortgage and Housing Corporation, offers two forms of assistance for the production of public housing. In such housing, the rents are proportionate to the tenant's ability to pay.

Assistance may be extended:

(1) Through federal-provincial partnership arrangements, capital costs being borne 75 per cent by the Federal Government and 25 per cent by the provincial government. The provincial government may require the municipality to pay part of the 25 percent provincial share on a mutually acceptable basis. Operational deficits are shared by the federal and provincial partners in the same 75-25 percent ratio. Each project is managed by a housing authority appointed by the province subject to federal approval.

(2) Through long-term loans to provinces, municipalities or their agencies for the construction of new units, or acquisition and conversion of existing housing. Such loans may be up to 90 per cent of the costs involved. The Federal Government may make an annual contribution of up to 50 per cent to help pay for operating losses. Similar loans are also available for the development of land for public and general housing purposes.

## Land Assembly

Under federal-provincial arrangements, the Federal Government will provide, through the Corporation, 75 per cent of the cost of acquisition and development of land for public and general housing purposes; profits and losses of such an undertaking are shared on the same 75-25 percent basis by the Federal Government and the provincial governments. The land acquired may be serviced by the