

Mr. BATES: A down payment of about \$800.

Senator CRERAR: Ten per cent?

Mr. BATES: Yes.

Senator SMITH (*Queens-Shelburne*): And how much a month?

Mr. BATES: Here is one that was actually built. The total cost of the house construction, including overhead and profit, was \$8,000. The lot on which the house was built was \$500, making a total price of \$8,500. The down payment was \$800, and the loan \$7,700. The monthly carrying charge, that is, principal and interest, so that the debt is wiped out in 25 years, is \$49.27. The taxes were \$12.50. That makes a total monthly payment of \$62.

Senator CRERAR: What would the income of the purchaser be?

Mr. BATES: I believe he could carry this at \$2,800 income.

Senator CRERAR: That is very useful information.

Senator HAIG: What place in Canada would charge only \$12 a month for taxes? Where would that be?

Mr. BATES: Preston, Ontario—that is where this house is built.

Senator HAIG: Suppose that an individual has contracted to purchase a house of that kind, and if the husband is a working man and loses his job or becomes unemployed and cannot afford to continue payments what do you do then?

Mr. BATES: Well, if for example he has a loan from an approved lender, a bank or insurance company they will try to carry this man on as long as they possibly can, they will try to make arrangements with him. None of them want to get into a foreclosure operation, although foreclosure may become inevitable. There may be no alternative. In cases where the corporation has made direct loans, we do the same kind of thing. That is, we try to work out with each individual some solution. We have no national policy, we have a policy for each individual who is in trouble. We will sit down with that individual and try to work out some solution even if it is only to make a token payment for a period of time. This happens if you have general unemployment in some community, or if you have a strike in a community. Means must be found, of working out with each individual some *modus operandi* to try to keep them going as long as you possibly can. Things may come to the point where you are almost ready to foreclose and a trade union, for example, comes along and says we will pay the rent for our member. There may be a lot of that done before the rent is paid.

Senator CRERAR: The tendency there, is that an individual who has purchased a house has an equity in the property, to begin with, an equity of 10 per cent, which accumulates yearly as he pays further, and so he has a very live interest in trying to retain his property.

Mr. BATES: Quite. And this we try to point out to him, that he does have this equity.

Senator WALL: There are two questions I would like to ask. On page 1 of your brief, Mr. Bates, and I do not want to document my remarks, but I have a strong belief that probably Government policy, the National Housing Act might well be changed to meet the problem of easier purchasing of existing housing. I would say I am convinced that a change is needed even though I recognize all the other things we are trying to do in order to meet the need of people with low incomes for owning homes. What problems would there be that would have to be watched for if there were such a change in the National Housing Act? What are the possible dangers?

Mr. BATES: It is difficult to point out the dangers, Senator Wall. After all, in the United States the F.H.A. finances existing housing as well as new housing. I think you would need a very careful set of appraisal operations to