

the line. There is no place in the form, the breakdown for the man's profit, so what he does, he takes his profit, which is going to be so much, and he adds a little all the way down the line, so at the bottom the cost is what he wants to sell that house for. The Central Mortgage and Housing figure has always been less. Whether you put it up at the final price, or whether you put it at the net cost of the house, the figure is always less. You never get a mortgage based on the figures you put on that form.

Mr. CHUTTER: The loan is not based on the actual cost of the house but on the appraised value put on the house for lending purposes. In the past, it was felt that the appraisals were on the low side, and there have been adjustments in the last six months or more whereby more things have been taken into consideration in the establishment of the appraised value, so that the loan has been increased somewhat. That tendency has been helpful.

Mr. CARON: I would like to say, in all fairness to Central Mortgage and Housing, it is pretty close to it. There is not a great deal of difference.

Senator WALL: At the bottom of page 4 you have a fascinating idea,—the ear-marking of national housing funds for specific purposes to meet the intended requirements. That is really what the basic thesis is. How can that ear-marking be extended to meet the needs or the intended requirements in the first place so as to provide money for the person who needs the house?

Mr. CARON: I can answer that by telling you what the Central Mortgage and Housing has already done with respect to what they call agency loans. Now, agency loans were loans from Government funds but released through the lending institution, and they were designed to help the alleged "forgotten man." What they did was to restrict the area of the house to a given maximum number of square feet. You no doubt are familiar with the rental building financing plan known as "limited dividend". There is a case where the prospective tenant's income cannot be above a certain figure, and what interests me is to see just what they do when his income passes that figure, and how they are going to get him out of there?

Senator WALL: I understand that. But the thing that fascinates me is, supposing you have the Central Housing and Mortgage Corporation with \$300 million. It ear-marks that money and says, \$100 million is going for limited dividend purposes, building purposes, and when the builders or the lending institutions use up the other money, and there isn't any available, then in effect the construction industry would be forced to pay more attention to the areas of construction that they do not pay attention to.

Mr. CHUTTER: I think the reason for this reference in the brief, is that in the past, the intent of the act was not being realized. A person could afford a down payment and the carrying charges but, previous to the agency loan program in recent years, the mortgage funds supply situation was such that he could not find anybody who was willing to extend mortgage funds to him under the National Housing Act. The Central Mortgage and Housing Corporation could only make direct loans in certain size communities. In the larger communities the demand for funds was such that the lending institutions would be pretty selective, and if they could extend a mortgage on a larger house there would be the natural preference to do that, rather than lend on a small house. Therefore, a number of eligible people, though they had the income for financing a house under the National Housing Act, could not get the funds. The small homes program, however, specified that funds would be available for housing units with a maximum floor area of modest size. There was a very heavy demand in respect to this program.

Senator BRUNT: What I would like to refer to is paragraph (vi) on page 10. There are a number of matters there which seem to restrict the providing of houses. Are not all of these matters a provincial and municipal problem, and