

## APPENDIX

### LOANS AND GRANTS AUTHORIZED BY NATIONAL HOUSING ACT

Basically, loans are of two kinds - joint loans made in conjunction with approved lending institutions (life insurance or trust and loan companies) and direct loans made by the Corporation itself. In addition, investments by life insurance companies for land assembly and rental housing, and loans by chartered banks and approved instalment credit agencies for home extension purpose are guaranteed by the Corporation.

#### JOINT LOANS

##### Loans to Prospective Home-Owners and Builders Building for Sale

Under the Act, loans are made jointly by the Corporation and approved lending institutions to prospective home-owners and to builders building houses for sale. They are called joint loans because 25% of the money is furnished by Central Mortgage and Housing Corporation and 75% by the lending institution.

The amount to be borrowed (the loan) is a percentage of the estimated cost of construction, including land, or the appraised value of the house, including land, whichever is the less (the lending value). The lending value does not necessarily equal the cost of the proposed property. The borrower must therefore be prepared to provide by cash, land or labor the amount (equity or down payment) by which the actual cost exceeds the loan. Ex-servicemen may draw on their re-establishment credits for two-thirds of their equity in a house.

Those loans intended to finance the construction of houses built under the Integrated Housing Plan by builders for sale at a price approved in advance by Central Mortgage and Housing Corporation, or by prospective home owners whose contract price is satisfactory to the Corporation, are based on the following percentage of lending value: 95% of the first \$3,000, 85% of the next \$3,000, and 70% of the balance. These compare with 95% of the first \$2,000, 85% of the next \$2,000, and 70% of the balance, in computing loans for the construction of houses without a fixed sales price.

At present the maximum loan is \$8,500, with the exception that loans on ultimate four-room bungalows are limited to \$5,000 and on each four-room unit of a duplex to \$4,800.

The maximum period for repayment of joint loans is up to 25 years, unless the loan qualifies under the controlled and sales price provision and the income of the purchaser is, in the opinion of the Corporation, insufficient to meet the monthly charges of principal, interest and taxes, or unless the house is to be built in a planned area approved by the Corporation. In such cases, the repayment period may be extended to not more than 30 years.

on  
The lot/which the house is to be built must be owned by the applicant before construction is started. The only exceptions are where the house and lot are purchased from a builder operating under the National Housing Act or where the borrower holds a long-term lease on land in such areas as National Parks.

##### Integrated Housing Plan

The purpose of the Integrated Housing Plan is to encourage residential construction by providing financial assistance to