

going to cover as fast as they can. We see the New York Federal Reserve Bank rate is down to  $1\frac{3}{4}$  per cent, and is around 2 per cent here. As I say, it will take some months for the effect of the change to reach us, but certainly the interest rates are on the skids.

Therefore, I do not think we should tie the small man or the small householder up for the next 10 or 15 years to pay 6 per cent. We are going to see the federal Government borrowing at less than 3 per cent before a year or two goes by. It is a noble undertaking for a man to build his own home, and I think the rate the householder pays on borrowed money such as this should be flexible and in keeping with the rate at which the Government borrows money. There may be a considerable margin there, and millions of dollars will go to the middlemen if we are not careful.

**Hon. W. M. Aseltine:** Honourable senators,—

**The Hon. the Acting Speaker:** Honourable senators, if the honourable Leader of the Government (Hon. Mr. Aseltine) speaks at this time he will close the debate.

**Hon. Mr. Aseltine:**—I wish to thank all honourable senators who have spoken on this bill for the great amount of interest they have shown in it. I will do my best to answer the various questions that have been asked, and probably to explain things a little more fully than was possible in the short time at my disposal last Friday.

May I say first that this measure has nothing whatsoever to do with insured loans. Perhaps I should tell honourable senators something about insured loans with a view to showing the difference between an insured loan, which is more or less guaranteed by the Government, and the agency loans under which this money now being provided for will be placed.

Insured loans are made by the lending companies with their own money. They pay an insurance premium of 2 per cent to Central Mortgage and Housing Corporation. The companies get a guarantee that if default occurs, and they make a claim and deliver possession of the vacant property, Central Mortgage and Housing Corporation will pay them 98 per cent of the principal outstanding, plus legal disbursements and an acquisition fee of \$125, together with interest in part. The interest formula covers full interest on the mortgage for six months, plus interest for 12 months at the rate covered by the mortgage, less 2 per cent. That is an insured loan, and it is entirely different from the agency loans we are now speaking about.

The money to be provided under this bill will be used for the following purposes. One, to finance pending obligations which have been made or were made just as the funds were running out and therefore could not be dealt with.

**Hon. Mr. Hugessen:** How large is the amount of these pending obligations in excess of the money available under existing legislation?

**Hon. Mr. Aseltine:** I am not sure whether the honourable senator's question will be answered by this statement: the applications which it was not found possible to take up were returned to the lending companies, which picked up three-fourths, or 75 per cent, of them; the remaining 25 per cent are back again for Central Mortgage and Housing Corporation to deal with; and the money to be provided under this bill will be used, first, for this purpose.

**Hon. Mr. Macdonald:** I do not want to interrupt the honourable gentleman, but can he tell us why 25 per cent were sent back?

**Hon. Mr. Aseltine:** The companies were not in a position to lend the money.

**Hon. Mr. Macdonald:** The lending institutions have ceased lending money: is that so?

**Hon. Mr. Aseltine:** No, for they lent money in respect of 75 per cent of the applications. They sent back 25 per cent because, I assume, they were short of funds.

**Hon. Mr. Macdonald:** But the security was just as good, was it?

**Hon. Mr. Aseltine:** Yes, certainly.

**Hon. Mr. Hugessen:** Then how much is represented by the 25 per cent that has come back?

**Hon. Mr. Aseltine:** That is, how many loans?

**Hon. Mr. Hugessen:** No, the total aggregate amount.

**Hon. Mr. Aseltine:** In dollars?

**Hon. Mr. Hugessen:** Yes. There was available \$400 million, and we are now asked to increase it to \$750 million.

**Hon. Mr. Aseltine:** All of the \$400 million except \$7 million or \$8 million has been used up. I am sorry I did not get the significance of the honourable gentleman's question.

**Hon. Mr. Macdonald:** As I understood the question of the honourable senator from Inkerman (Hon. Mr. Hugessen) it was, what is the amount in dollars of the 25 per cent of applications which have been returned, and on which loans are pending?