We find ourselves up to this point being in the invidious position of being the legislator. That is, we were making the standards and we were the policemen to police these standards and we were the judges to determine whether the standards were properly complied with or not. So we have been able to break out of this unpleasant situation and we have passed the legislative function of the making of standards over to the National Research Council, and we have become merely the policemen of the standards now.

Based on the evaluation or appraisal, a loan amount is determined from the formula set out in the statute and the approved lender is informed that the Corporation is prepared to insure a loan in that amount. If the borrower finds the loan amount acceptable, physical inspections are made by the Corporation during construction and, if mortgage advances are to be insured, the lender is advised of the amount and timing of such advances.

It should be emphasized that the funds used for an insured loan are those of the lender—that is, banks, life insurance and trust and loan companies and other approved lenders—but the lender is substantially insured against loss by the Government. The borrower pays an application fee in cash of $35. That is supposed to cover our cost of the appraisal and the inspection of the house during construction. It costs us about $120 to do this job. An insurance fee is charged against the mortgage account.

This fee makes up the mortgage insurance fund that was referred to in the discussions of the Senate, and as set out in our statement. We are the trustees of that fund. It now amounts to over $30 million. The fee, 2 per cent, is paid by the borrower but the insurance is for the lender in case something goes wrong. If there is a foreclosure the fund is used to recoup the lender. He claims on the Corporation for his insurance.

A house builder may also obtain insured loans through an approved lender of his choice and the procedure is precisely the same until a purchaser comes forward. At that point, the purchaser assumes the mortgage obligation and the builder is released from the covenant. Similarly, rental accommodation may be financed by an insured loan. Here, the amount of loan is based on 80% of the lending value and the maximum period of repayment is 25 years.

It is under the insured loan arrangement that the bulk of National Housing Act loans has been made since 1954—at least until last year when private funds were flowing less freely.

Interest on an insured loan may be at any rate agreed to by the lender and the borrower but must not presently exceed 6% per annum. The amount of loan is based on 90% of the first $12,000 of lending value—the Corporation's evaluation,—together with 70% of the balance of lending value. The maximum loan for a single family dwelling is $12,800. Loans are repayable in monthly instalments, together with interest, over a period of 25 to 30 years.

Another function of the Corporation is to provide guarantees to banks on loans made for home improvement purposes and to life insurance companies and private investors of their returns from moderate rental housing projects built by them.

A home improvement loan is intended to finance the improvement of existing houses. The loan may be applied to the cost of labour, materials and equipment for any of a wide variety of alterations, repairs and permanent additions. The maximum loan available is $4,000 for a one-family dwelling. Loans are repayable in monthly instalments, together with interest, in not more than 10 years. The current rate of interest is 6% and the lender is required to collect from the borrower an insurance fee of 1% of the amount of the loan.