

during at least the last two years of guaranteeing mortgage loans to the banks; that the amount will be increased by the amount paid under this bill, and that the media through which those loans will be placed will be banks or other lending agencies such as insurance companies. Am I correct in assuming that that is the situation?

Hon. Mr. Aseltine: I have drawn up some of the mortgages myself in my office, and originally when a bank made a housing loan there was a guarantee against a certain amount of loss in connection with the making of the loan, if I remember correctly.

Hon. Mr. Macdonald: But that is not under this section of the act.

Hon. Mr. Aseltine: No. This section has to do with lending agencies. I am afraid I shall have to get more information on it.

Hon. John T. Haig: Honourable senators, I would like to make a few remarks on this bill. My experience in connection with the act is confined to Winnipeg, but I think honourable senators will find that there will be no change from the way in which this money was loaned before the banks came into the picture. A building contractor has to satisfy the local office of the Central Mortgage and Housing Corporation at Winnipeg—or wherever it happens to be—that he has the equipment, the organization and the experience necessary to build houses. I know that some four or five years ago a contractor had to show the local representative what he was doing before the latter would consider recommending him for a loan under the act. The representative would continue to inspect the buildings and follow the matter through. As I understand it, this is still the practice. I am not referring to smaller loans by individuals but to bigger loans made by special housing loan companies.

Hon. Mr. Aseltine: You are not referring to limited dividend companies?

Hon. Mr. Haig: No, although actually they do the same thing. The lending agency inspects the buildings and insures that they are built according to specifications. My office has acted for a number of contractors, and the procedure in applying for a loan is for the contractor to submit plans and specifications to the local office of the Central Mortgage Corporation for approval, show the local representative some houses he has built, and assure the representative that he has the money or can get the necessary credit from the bank to finance part of the construction. One young man in my office had the job

of showing the contractors through the various steps in applying for a loan. Sometimes the corporation would refuse a loan, saying: "This contractor has not had sufficient experience. We don't think he can do the job." The system has worked very well in Winnipeg.

As far as I understand, there is no new system of dividends. Local contractors in Winnipeg are building a number of apartment blocks under this legislation. They are allowed only a certain percentage on the money they have put into it, and they cannot get any more out. They talk about dealing with an agency. It is not exactly an agency. It is a question of a man offering to do the work, and if his offer is accepted he becomes agent in carrying out his instructions under the act. His profit is made on his building. For instance, supposing he gets a contract for a certain amount, there is an agreement to make a loan for that amount, and then the purchaser has to put up so much. That is the way it is done; at least, I know that is the way it is done in Winnipeg.

Hon. Mr. Lambert: Honourable senators, I should like to have the position of the banks clarified in relation to this provision, and to know whether or not this \$750 million will cover services apart from the services the banks are rendering now. I presume from my honourable friend's remarks that that is so.

Hon. Mr. Aseltine: With leave of the Senate, I should like to give some information that I obtained since these questions were asked. The information is to the following effect:

Under the agency agreement between Central Mortgage and Housing Corporation and the approved lender, the latter receives, for making and advancing the loan, a fee of \$100 for each loan made in respect of a house other than to a builder and \$90 for each loan made in respect of a house to a builder. Smaller amounts are paid in respect to multiple family dwellings. A fee of one-half of one per cent per annum on the principal outstanding of ownership loans and one-quarter of one per cent in respect to loans for rental housing is also paid to the approved lender for administering the loans.

Normally the non-recurring cost to Central Mortgage and Housing Corporation for each application to place an ordinary insured loan is one per cent of the amount of loan, after taking into account the application fee paid by the borrower. The agency fees involve approximately an additional one per cent.