

*Interest Act*

However, in the fine print, in the case in question, it states that the three-month cancellation clause cannot come into effect during the first three years of the life of the mortgage. Thus, for good reasons, the occupant of the house is unable to refinance because, obviously, the penalty is the interest for the remaining period.

At that time it seemed to me to be unfair. Sometimes we are accused of trying to protect the consumer too much, but it must be recognized that when a person signs a legal document, there are often many pages of small print, and we cannot expect all persons to be fully aware of all the implications. I therefore thought it would be worth-while to have it written into law so that it would be possible when the circumstances required it, no matter what was written in the contract document, for a person, with a reasonable penalty, to either pay off the mortgage or refinance in many cases, and perhaps even possibly to increase the mortgage.

At that time I had a few pieces of information at my disposal which I want to place on the record. I noted, for example, in answers which I received to questions placed on the Order Paper, that the percentage of residential mortgage loans approved by our chartered banks had been increasing steadily through the early seventies. I do not know what the current figure is today, but it is certainly in excess of 30 per cent. I also noticed that amongst persons who owned single, detached dwellings, some 45 per cent had mortgages. I will correct that, Mr. Speaker. Some 53 per cent had a mortgage, of which 7.7 per cent had more than one mortgage. In other words, 47 per cent of single detached dwelling home owners had no mortgage.

● (1650)

Another interesting fact comes from Canada Mortgage and Housing Corporation, and I find it rather astonishing. I put the following question:

What is the average delay period per housing unit between the initial default of the owner and the final acquisition by the Canada Mortgage and Housing Corporation of properties that have insured mortgages financed by the chartered banks?

I find the answer, with respect to the last 12 month period, for which it had information, rather surprising. It was as follows:

With respect to claims paid to chartered banks . . . the average time lag from the date a borrower defaults on payment until title is conveyed to CMHC under the terms of the mortgage loan insurance policies, is 414 calendar days.

That is approximately 15 months. I find that information rather incredible. Of course, in the meantime the bank is fully protected. It knows that the mortgage is insured and that it is going to be fully paid. In my opinion, the bank, then has no real interest in cleaning up this matter because eventually the amount is going to be paid to it by, of all people, Canada Mortgage and Housing Corporation.

What annoys me about this is that while Canada Mortgage and Housing Corporation may be a Crown corporation, public funds are involved. I feel we should have some means by which these things could be wound up more quickly. Obviously, if a

person who wants to walk away from a difficult financial situation is unable, because of an agreement, to either refinance or pay off a mortgage through refinancing, then in the final analysis they have little choice but to walk away. It is the taxpayer, the person who put money in Canada Mortgage and Housing Corporation, who has to pick up the tab.

I feel that every mortgage that is insured by CMHC should have clearly spelled out options in it. I realize—and I know that this is going to be the defence—that only when moneys are lent for a long period at certain fixed interest rates, can the banks also pay high interest rates to those who are willing to lend their money and lock it in for a long period of time.

As a case in point, I happened to note this—quite unconsciously on my part—when I re-arranged my Registered Retirement Savings Plan some five years ago this month. At the time, I thought the best thing to do was to put the money into something at fixed interest rates, and I did so. Of course, within a couple of years the rates started to go up. I inquired then about a penalty in order to put the moneys into some other plan, only to find out, to my chagrin, that the money was locked in. As a matter of fact, those moneys only became free this month, five years after the date I put them into the plan and, of course, the rates have come down again.

The other side of the coin is that last summer when I had some cash available to me I was able to go to the bank when rates were very high and place those moneys at very high interest rates and lock them in for a year. That is a very nice situation and, of course, the banks were only able to give me high interest rates for five years because, in return, they were able to lend the moneys out at a fixed rate over that period of five years to someone else who was perhaps a house owner.

Despite the fact that I have both suffered and benefited from this locked-in feature, in any agreement, whether it be a RRSP or a mortgage, there should be alternatives which allow a person to assess the best way to proceed. Certainly, I feel that it is very unfair in the housing market that any home owner should be locked in for a period of five years with no alternative but to pay the full penalty, in other words, to have to pay the interest for the five year period in order to get out of the mortgage. I feel that is quite unfair. It is something that is often forced upon the poor home owner because he is not able to shop around in the ordinary sense. Very few people go from bank to bank inquiring about rates. They are very much the same no matter which bank you deal with. A lot of this is done on good faith, and when the deal is finally signed with the notary, the people are often not made aware of the full implications.

I have chosen to deal with single, detached dwellings because they serve the argument, and the figures for multi-dwellings and so on are not substantially different and would only complicate the issue. An answer to a question that I put to the Canada Mortgage and Housing Corporation showed that for single detached dwellings, 38 per cent of mortgages are for \$10,000 or less; 37 per cent of mortgages are for mortgages