

So wherever we see an indication of that kind we attempt to tell our applicant that he can do this—that is, go to his banker and borrow against our commitment, and we will pay the money to the bank as soon as all the legal processing is done.

Mr. HALES: In view of the fact that this fund is almost depleted now, and with the return of your money spread over a greater length of time, and with the increase in applications which you have, I wonder if this increase is enough for you to carry on your operation?

Mr. CHESTER: Our guess is that this will carry us along. We anticipate \$30 million business this year which is quite a large amount of business as you will agree.

We also anticipate the collecting of principal from our present borrowers in the amount of about \$5 million.

This sum might be less or it might be more but we think it will be in that neighbourhood. So we shall borrow from the Minister of Finance close to \$25 million.

We also have a refunding issue of \$5 million coming due on December 1st of this year.

I would say that from present indications \$120 million of borrowing power will last us a year and a half, possibly two years.

Mr. YACULA: I would like to have some information. I notice that the authorized capital has been increased to \$6 million and that you multiply it by twenty. How do you arrive at that figure of twenty?

Mr. CHESTER: That is in our act. The act says that the minister may loan to the board to the extent of twenty times the capital stock of the board.

Mr. YACULA: Why not pick a figure of thirty, or some other figure?

Mr. CHESTER: The act says twenty. It means that you have five per cent of your investment in capital, which is just about the minimum amount of capital which you should have for a business of this type.

Mr. JORGENSEN: You said there had been some changes made in the act a couple of years ago. Were those changes made in the form of an amendment to the act?

Mr. CHESTER: Yes.

Mr. JORGENSEN: Or were they simply changes in the methods?

Mr. CHESTER: There were changes in both regards. The act was changed very considerably. Our maximum loans were increased from 60 per cent to 65 per cent; in dollars, from \$10,000 to \$15,000; and in terms from 25 years to 30 years.

One of the factors that has made our loaning more acceptable to farmers is the elimination from our lending of second mortgages. We do not lend on second mortgages any more.

That was a short six year maximum term and it had to be secured collaterally by a chattel mortgage on livestock and equipment. But that has been eliminated from our act and no more do we loan on second mortgages, and no more do we loan on the value of chattels.

Further, I would say that as a result of representations made at this committee and as a result of our observations, there have been considerable changes made in the policy of the board within the operations of the board itself.

Mr. JORGENSEN: I think there are quite a number of farmers who do not know that changes have been made and I think there are some bankers as well who do not know about it because I still receive many letters from bankers who base their objection to the act on the restrictions which were in effect prior to the time that the changes were made.

Is it possible to get a list of these changes? If so, I would not mind passing them around to the inspectors.