

Q. But, you write off some. I do not understand it so I won't bother to pursue that point any further.

Hon. Mr. STEVENS: There is a reserve there, Mr. Tucker, out of which they adjust the unearned portion.

Mr. TUCKER: I was wanting to get that from the witness, but apparently I am not able to make that clear to him.

*By Mr. Tucker:*

Q. Now, your practice in regard to these service charges; that is item No. 2, the basis upon which you are permitted to charge this 2 per cent?—A. Yes.

Q. You charge that in all cases?—A. Oh, there may be some exceptions.

Q. Not maybe, but are there?—A. Yes. I would not say it is collected in all cases. In a majority of cases and as a general rule, yes. We have had cases where we have simply had to renew the loan at a reduced figure and take a loss on principal as well as our charge of 2 per cent.

Q. In the case of new loans it is always charged?—A. Yes.

Q. And item No. 3 in the items that you are permitted to charge is for disbursements; you charge that in all cases?—A. Well now, I would like to have that question qualified a little too. You say, item No. 3 which we are permitted to charge. We are permitted to charge the 7 per cent also.

Q. But the actual disbursements, do you charge for that in all cases and on all loans?—A. In regard to disbursements we charge that in all cases on new loans. You are referring to No. 3, item No. 3, now, and that is quite distinct from the 2 per cent servicing charge.

Q. Yes? A. Yes.

Q. That is, supposing you had a borrower as in the Kellie case, that you knew perfectly well that you would still charge him the 2 per cent for investigation, and you would still charge him a mortgage fee?—A. Mr. Tucker, you have never been in the business of lending money. I check up on my best friends. I would check up on my own brother or my own father if I were lending money to them.

Q. Even if you knew that he was worth the risk you would still go ahead, you would still go through the motions of investigating the risk?—A. We would have to take a chattel mortgage. Would you expect him to have less furniture in a year and a half—how could you know what his furniture was worth without seeing it. If you did not go and see the furniture you would not be able to identify it if need should arise in connection with a borrower that it should be identified.

Q. If you had the same man come along who has just paid off a loan and he asked you for a new loan would you still make these charges?—A. We would go through that process again. We would go to his home and check up on the stuff as it then was.

Q. Even if he had paid up his loan?—A. Absolutely. There might not be any necessity to make him another loan. The whole situation might have changed.

Q. You go through the whole thing again?—A. Absolutely.

Q. Even in face of the decision in the Kellie case after it came out which showed that you had to prove that these charges were bona fide?—A. Pardon me, the Kellie case did not have anything to do with us, we did not have to prove anything.

Q. You have read the Kellie case?—A. No, I have not read the Kellie case.

Q. But you were advised by your counsel as to its substance, were you not?—A. I heard about the case, yes; but I did not read it.