

National Housing Act

But until now the source of insured mortgages for sale has been limited by the act to approved lenders. A private investor wishing to buy an insured loan has only been able to get one if an approved lender was willing to sell. Experience has shown that some approved lenders have acquired their mortgage portfolios primarily for the purpose of holding them to maturity rather than selling them. This is true particularly of mortgage companies and insurance companies, but not of banks. Other approved lenders have sold mortgages, but only infrequently. So this government feels that more investors might be attracted to insured loans if there was a readily available market for them in which they might be bought and sold at frequent or regular intervals.

It also seems likely that the national growth, together with the accompanying development of Canadian investment sources, have created conditions which promise the establishment of a regular mortgage market. The existing and prospective portfolios both of the approved lenders and of C.M.H.C. itself have created a potential source of sellers. A source of buyers has been created in the development of substantial investment funds by pension funds, trade unions, loans associations and private individuals. Their investment in insured mortgages will augment those of the present approved lenders.

There is also the possibility that new institutions will come into being, institutions that will borrow money from the public, perhaps by debentures, and invest in insured mortgage loans. They would be able to buy mortgages from either the approved lenders or the corporations without having to build up a staff to make or administer loans. I believe this would permit small investors to contribute funds to the housing industry, which is something they have been unable to do in the past. The hon. member for Nipissing raised that point. In this way, the small investors would be able to play a more important role in upholding the general economy of the country.

Central Mortgage and Housing Corporation, because of its extensive direct lending operations during the last 18 months, is developing a substantial mortgage portfolio. These mortgages would be made available for sale to investors who are willing to invest in the housing field but who are unable to make loans themselves. One amendment we propose to the act will permit the C.M.H.C. to sell its loans to such private investors. If the investor is not an approved lender equipped to administer the loan, the amendment will permit the corporation to administer the loan for the investor in the same way as if it had kept the loan in its own portfolio.

In short, this amendment to the act will give the corporation the same powers as the approved lenders have. If Canada develops a secondary mortgage market it seems likely that Central Mortgage and Housing Corporation may be required both to buy and sell mortgages as the need arises. Probably it would also assist in transferring mortgages from one type of lender to another should economic or other factors adversely affect fluidity within the mortgage market. For this reason we propose removing the \$25 million limit on the corporation's power to purchase mortgages.

I will continue this explanation when the bill is under consideration.

The Deputy Chairman: The messenger has arrived from the other place. Shall I rise, report progress and ask leave to sit again?

Progress reported.

THE ROYAL ASSENT

A message was delivered by Major C. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Right Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bill:

An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1959.

BUSINESS OF THE HOUSE

Mr. Chevrier: Pursuant to an understanding, I take it that tomorrow we shall discuss external affairs. Can the house leader indicate what the business will be on Friday?

Mr. Green: On Friday we shall take third reading of the bill to amend the Northwest Territories Act; then complete the amendments to the National Housing Act and then take the estimates of the Department of Citizenship and Immigration.

Mr. Speaker: By unanimous consent the house will proceed tomorrow with a one-day debate on external affairs?

Mr. Green: Yes, Your Honour. It is on a motion that the estimates of the department be referred to the standing committee on external affairs.

At six o'clock the house adjourned, without question put, pursuant to standing order.