

# The Grain Growers' Guide

Winnipeg, Wednesday, October 28th, 1914

## MORTGAGE COMPANIES AFTER FARMERS

It is quite apparent that many of the mortgage companies doing business in Western Canada are taking advantage of the war to demand higher rates of interest for renewals on mortgages falling due November 1, which might well be known as "Mortgage Day." A great many farmers whose mortgages are falling due on November 1 have had poor crops this year and are practically at the mercy of the mortgage companies, and the latter are taking their pound of flesh. Where mortgages placed at from 6½ to 7 per cent. are falling due, farmers are being forced to renew at 8 and 9 per cent., and no doubt a good many of them at even higher rates of interest. All our leading men and the press of Canada are urging manufacturers, business men, bankers and loan companies not to take advantage of the war for their own personal gain, but to conduct their business as far as possible in the usual manner. The Manitoba legislature passed a moratorium on real estate agreements and mortgages. The Saskatchewan legislature gave discretionary power to the judges to deal with similar cases. Premier Sifton, of Alberta, put his views on the matter in very plain terms in the following letter, which he wrote a few days ago to a loan company doing business in Alberta.

"Gentlemen:—A letter of yours, of which copy is hereto attached, has accidentally been placed in my hands.

"Will you kindly draw the attention of those in authority in connection with your loan company to the fact that careful examination will be made of transactions similar to the one outlined in your letter, and if it is found that any loan company doing business in the Province of Alberta makes use of the present war conditions for the purpose of renewing loans for long terms at advanced rates of interest, you may rest assured that means will be found to prevent those particular loan companies from doing any further business in the Province of Alberta.

A. L. SIFTON."

The copy he enclosed was as follows:

"Dear Sir:—We have your letter of the 26th inst. regarding renewal of your loan. The company would be willing to renew for a further term of three or five years at the advanced rate of nine per cent., as on account of the present financial conditions they can easily loan out all their money at this or a higher rate of interest."

We have received a number of letters from our readers showing that the movement to increase rates of interest applies to several mortgage companies. We have a letter from a farmer in Saskatchewan who has an \$8,000 mortgage on his farm bearing interest at 6½ per cent. The mortgage falls due December 1 and the mortgage company, the Toronto General Trust Company, is demanding 8 per cent. for renewal. Since the mortgage was placed the farm has been greatly improved, a \$4,000 house erected, a large amount of fencing done and fifty acres additional broken. The farmer has had two years' bad crops and is very short of money, and will therefore probably have to pay the increased rate, which will make a difference to him of \$120 per year on his mortgage.

Another farmer who also has a mortgage with the Toronto General Trusts Corporation at 7 per cent. lost his crop by hail last year and lost it again this year by drought and is unable to meet the interest on his mortgage. His mortgage falls due this year and he states the mortgage company demands 8 per cent. for renewal for five years, and that he was forced to accept it. The directors of the Toronto General Trusts Corporation are as follows:

Hon. Featherston Osler, K.C., President.  
Hon. J. J. Foy, K.C., M.P.P., and J. W. Langmuir, Vice-Presidents, Toronto.  
Hamilton Cassels, K.C., Toronto.  
W. R. Brock, Toronto.

Sir William Mortimer Clark, K.C., LL.D., Toronto.  
Hon. W. C. Edwards, Ottawa.  
Hon. Sir John M. Gibson, K.C.M.G., Toronto.  
Sir Edmund Osler, M.P., Toronto.  
A. C. Hardy, Brockville.  
John Hoskins, K.C., LL.D., Toronto.  
Hon. Robert Jaffray, Toronto, Ont.  
Major R. W. Leonard, St. Catharines.  
Thos. Long, Toronto.  
W. D. Matthews, Toronto.  
Hon. Peter McLaren, Perth.  
J. Bruce Macdonald, Toronto.  
Hon. Sir Daniel H. McMillan, K.C.M.G., Winnipeg.  
J. G. Scott, K.C., Toronto.  
Sir Edmund Walker, C.V.O., LL.D., Toronto.  
D. R. Wilkie, Toronto.

Two farmers, whose farms are mortgaged to the Trust and Loan Company of Canada and whose mortgages are falling due on November 1, write us that renewals are demanded bearing interest at 9 per cent. One of the mortgages formerly bore interest at 7 per cent. and the other at 8 per cent. The following is a copy of a letter which the Trust and Loan Company sent out to each of these farmers on the 18th of August, so it is evident that the Company early decided to take advantage of the war:

"Your loan matures on the 1st November, 1914. We anticipated being in a position to offer to renew this loan at 8 per cent., which has been the current rate for some time past, the outbreak of the terrible war in Europe has, however, upset all calculations.

We hope to be able to renew your loan at maturity, if you desire it, but if we ourselves have to pay greatly increased rates, we shall, of necessity, be obliged to ask a higher rate than 8 per cent.

We hope the situation will have improved before your loan comes due, but we wish to give you due warning.

If, in the meantime, you desire to repay the loan, in full or in part, we will accept the same with interest to date of payment.

Yours truly,

E. R. Whitehead, Manager."

The Directors of the Trust and Loan Company of Canada are as follows:

The Hon. Sidney Peel, President, London, England.  
Sir Vincent Caillard, Vice-President, London, England.  
The Lord Stratheden and Campbell, London, England.  
J. H. Newcomb, London, England.  
Frederick Henry Scott, Sussex, England.  
Russell Stephenson, London, England.  
Frederick W. Stobart, Bedford, England.  
Officers in Canada:  
Chief Commissioner—Col. L. Edey, Montreal.  
Commissioner—Joseph Campbell, Regina, Sask.  
Assist. Commissioners—E. R. Whitehead, Wpg.  
R. C. Young, Montreal, Que.  
J. Rogers, Regina, Sask.

We also have two letters from farmers whose farms are mortgaged to the Western Trust Company of Winnipeg. Both of these mortgages fall due on November 1 and bear interest at 8 per cent. Both of them are for less than \$1,000, and from the information we have received the security would seem to be better than when the mortgage was first placed. Yet renewals are being demanded for five years in each case at 9 per cent. The directors of the Western Trust Company are as follows:

Alan J. Adamson, President, Winnipeg.  
Sir R. P. Roblin, K.C.M.G., Vice-President, Winnipeg.  
James Johnston, Winnipeg.  
Michael Long, Winnipeg.  
J. D. McArthur, Winnipeg.  
John A. Thompson, Winnipeg.  
G. R. Whitmore, Regina, Sask.  
John E. Adamson, Winnipeg.  
F. E. Kenaston, Minneapolis, Minn.  
Kenneth MacKenzie, Winnipeg.  
Hon. J. H. Ross, Moose Jaw, Sask.  
J. G. Turriff, Regina, Sask.  
A. B. Cook, Regina, Sask.  
J. B. Smith, C. A., Winnipeg.

We have a letter from a farmer whose farm is mortgaged to the Huron and Erie Loan and Savings Company, bearing interest at 8 per

cent. and falling due this year. The following is a copy of an agreement which has been sent to the farmers to be signed:

To THE HURON AND ERIE LOAN AND SAVINGS COMPANY, REGINA, SASK.

Dear Sir:

In consideration of your waiving payment of \$..... of the sum overdue on my mortgage, I agree that the same shall be consolidated with the balance of the principal, making it \$..... as at..... 19....., the whole to stand as principal, and to be repayable on the following terms: Interest from said date at 9½% per annum, together with \$100.00 of principal to be paid..... yearly on each..... day of.....

If payments are made when due or within thirty days thereafter, interest will be accepted at 8½ per cent.

Yours truly,

We have another letter from a farmer whose farm is mortgaged to the Great West Life Assurance Company bearing interest at 8 per cent. and falling due this year. The farmer's crop failed and the Company gave him a renewal of his mortgage at 9 per cent. The following are the directors of this company:

Alexander MacDonald, President, Winnipeg.  
R. T. Riley, A. M. Nanton, Geo. F. Galt, Vice-Presidents, Winnipeg.  
J. H. Brock, Winnipeg.  
Geo. W. Allan, Winnipeg.  
George R. Crowe, Winnipeg.  
Andrew Kelly, Winnipeg.  
P. C. McIntyre, Winnipeg.  
F. Nation, Victoria, B.C.  
Sir D. H. McMillan, K.C.M.G., Winnipeg.  
A. C. Flumerfelt, Victoria, B.C.

We also have a letter from a farmer whose farm is mortgaged to the Mortgage Company of Canada, Winnipeg, bearing interest at 8 per cent., the mortgage falling due on December 1, and a renewal of the same is being demanded at 9 per cent.

We have a letter from a farmer whose farm is mortgaged to the Mutual Life Assurance Co. of Canada at 7 per cent. The mortgage falls due on November 1 and a renewal is demanded at 8 per cent. The directors of the Mutual Life are:

E. P. Clement, K.C., Berlin, President.  
F. C. Bruce, Hamilton, 1st Vice-President.  
J. Kerr Fiske, Toronto, 2nd Vice-President.  
Rt. Hon. Sir Wilfrid Laurier, Ottawa.  
W. J. Kidd, B.A., Ottawa.  
Wm. Snider, Waterloo.  
Walter D. Bearmore, Toronto.  
Sir H. Montagu Allan, Montreal.  
L. J. Breithaupt, Berlin.  
Geo. Wegenast, Waterloo.  
Hume Cronyn, London.  
R. O. McCulloch, Galt.

We have another letter from a farmer whose farm is mortgaged to one of the companies represented by Messrs. Osler, Hammond and Nanton, of Winnipeg, bearing interest at 7 per cent. Osler, Hammond and Nanton have asked him to renew his mortgage for five years at 8 per cent.

We believe that the information given in this article has a very important bearing on the "back to the land" movement, and will explain how it is that farmers are not making more money on the farms in Western Canada.

Higher rates of interest on mortgages mean reduced profits for the farmers. The money loaned out by these mortgage companies costs them from 3½ to 4½ per cent. and the cost of placing the mortgage all falls upon the farmer, so that the margin of interest gives a huge profit on the capital invested. Conditions must be the very best to enable a farmer to make headway against 9 per cent. mortgages and higher rates on bank loans. If the directors of these various companies are anxious to see the Western farmer prosper, they should be content to take reasonable profits on their investments. Rates of interest on mortgages can be regulated by provincial legislation.