

The CHAIRMAN: Section 5 is what they call an accommodating mortgage. How will that work?

Mr. OWEN: What happens occasionally is that a farmer's son wishes to buy land and does not have enough money for the down payment and we cannot lend him enough money based on the value of the land. His father comes along and says, "I have a piece of land worth \$7,000 or \$8,000, and I will put it up as additional security." To do so the father has to join with the son in the mortgage and becomes a borrower and loses his right to get a loan for himself or for another son. This clause is merely to allow the father to put up security for one son without losing his right for a loan in his own behalf or to put up security to help another son.

The CHAIRMAN: Except that by taking that course he has limited the amount of the credit he can get.

Mr. OWEN: That is right, sir.

Senator LEONARD: Is it clear by this bill that this only applies to fathers and sons?

Mr. OWEN: It is not, sir. It is an accommodating mortgage. The same circumstance might apply if an uncle might wish to help a nephew or some person help another. As long as the first loan goes to help a man to set up an enterprise, if another puts up the additional security he still has a right to get a loan for his own enterprise.

Senator HUGESSEN: It might happen between friends.

Mr. OWEN: That is right, sir. In fact, it is really an opportunity for this man to limit his personal responsibility in the first loan.

Senator DROUIN: It might also apply to an uncle and his niece?

Mr. OWEN: It could be.

The CHAIRMAN: Shall section 5 carry?

Hon. SENATORS: Carried.

The CHAIRMAN: Now section 6?

Mr. OWEN: Section 6 really is to clear up one of those things which is a misunderstanding. The way it was set up before, if a man wanted a loan under Part III and was 44 years old we could approve it, but if between the time we approved in and the time we disbursed the money he became 45 years of age, we could not disburse it. This seemed rather silly, hence the amendment.

The CHAIRMAN: Shall section 6 carry?

Hon. SENATORS: Carried.

The CHAIRMAN: Section 7 we have already dealt with.

Senator REID: I notice that paragraph (d) says: "the borrower shall pay to the corporation an appraisal fee of two per cent of the amount of the loan or one hundred dollars whichever is the lesser, and shall pay to the corporation an annual supervising fee as prescribed by the corporation." Is that the total fee?

Mr. OWEN: This is the annual supervising fee of \$25.

Senator REID: It does not say so.

The CHAIRMAN: Yes, it does. It states that: "the borrower shall pay to the corporation an annual supervising fee not exceeding twenty-five dollars as prescribed by the corporation."

Shall that part of the section carry?

Hon. SENATORS: Carried.

The CHAIRMAN: Now the second part of that section 7 on.