

Senator CRERAR: You feel that they hold their own end of it up pretty well?

Mr. LEMMON: We sometimes think they might even go further than that. In discussions with our group they certainly hold up their end very well.

Senator SMITH (*Queens-Shelburne*): Have you had any disagreement to any extent in connection with the appraising of housing as between your appraisers and the appraisers of C.M.H.C.?

Mr. LEMMON: Certainly, that is inevitable. Two appraisers will not look at the same property in the same light.

Senator SMITH (*Queens-Shelburne*): Is it a problem to you to the extent that you would find it difficult to lend money to a young man who wants to build a home arising out of the fact that the appraisal of the C.M.H.C. may be \$1,000 less than the appraisal made by any of your companies?

Mr. LEMMON: As I say, there is a difference of opinion between our appraisers and their appraisers. Sometimes our appraisals are less than theirs and sometimes higher. Sometimes there is a little local feeling that one office may be a little rougher on a certain type of house than they might and we get complaints from our managers about them. On the other hand, in another area we have examples of the C.M.H.C. going beyond what we are prepared to do. The problem is local, minor, and not a major problem. It is the sort of disagreement between two appraisers, each having their own ideas of value.

Senator SMITH (*Queens-Shelburne*): Thank you.

Senator CRERAR: You would find the same problems outside the C.M.H.C.?

Mr. LEMMON: Certainly. Our member companies themselves do not agree on the appraisals of properties.

Senator CRERAR: Would you care to give us an opinion or your judgment of the likely trend of interest rates on loans on this character?

Mr. LEMMON: That is an awfully difficult question to answer, Mr. Chairman. I do not think I can answer it. Certainly since last fall interest rates generally have come down, not only in Canada and in the United States, but in the sterling and other areas.

I am not trying to dodge the question, but literally I feel the answer depends on business conditions. If recovery sets in soon, which most of us hope and expect will happen, the demand for money will be stepped up again, and may very well firm up interest rates. On the other hand, if business conditions do not recover, contrary to our expectations, the reverse may happen. I am sorry I cannot be more definite.

Senator SMITH (*Queens-Shelburne*): Has not the increase in interest rates already happened, with regard to the recent re-financing?

Mr. LEMMON: I was hoping nobody would bring that question up.

Senator SMITH (*Queens-Shelburne*): It seems obvious to me—perhaps it is not so obvious.

Mr. LEMMON: Certainly interest rates on Dominion of Canada bonds have been increased as a result of the operation of the past week. What effect that will have on mortgage rates, I do not think anybody at this stage can say. I do not think I can go beyond that. Certainly, the rates on Dominion of Canada bonds have gone up. Mortgage rates move much more slowly, and do not fluctuate as widely. I think one would have to wait some months to see what the effect is going to be on mortgage rates.

Senator CRERAR: If interest rates rose above the present level of high grade bonds, say by three-quarters of 1 per cent, do you think that would be a factor in attracting outside money—when I say outside money, I mean money from outside the country—foreign investment in Canada?