Hon. Mr. Dunning: With that I entirely agree.

Hon. Mr. Stevens: I agree with the minister, and I agree on the rest of the question with Mr. Leonard that we should erect some machinery in this field so that when we come to the question of putting the Act into force it will be ready in such a way as to enable quick adjustment on a broad basis.

Hon. Mr. Dunning: But subject to review.

Hon. Mr. Stevens: But subject to review, although I think the review would take an interminable length of time under any individual appraisal system.

By Mr. Cleaver:

Q. Just a couple of questions to Mr. Leonard to clarify my understanding as to his two main objections to the bill. As I understand it, Mr. Leonard, your first main objection in regard to urban loans is founded on the fact that as to rural loans the mortgagor is dependent on the earning capacity of the actual mortgage security for his ability to pay, whereas in regard to urban loans the mortgagor is dependent upon outside sources for the ability to pay?—A. That is one of the difficulties I pointed out.

Q. Well, then, is your objection in regard to the current urban loans based on the fact that you realize that there are many loans now current upon which payments are made in which the mortgage would exceed the 80 per cent of the present day appraisal and that these mortgagors (notwithstanding the fact that the loans are actually in excess of what would be the 80 per cent appraisal) are still able to and are still keeping up their payments and you feel there is no urgent need to adjust those mortgages?—A. Yes. There are two points there, Mr. Cleaver. When we come to the case of the current loans the first, and perhaps more important than the point that you raise, is the interest rate, the average interest rate on the good mortgages. The average interest rate on the good mortgages during the last two years throughout Canada has been higher than 5 per cent.

Q. What rate?—A. That again varies, but I would say that city mortgages will run at an average rate of $5\frac{1}{2}$ per cent up to possibly $6\frac{1}{2}$ per cent.

Q. So that you would say under the act as it now stands the loan companies would be taking a needless loss with respect to both interest rates and with respect to write-offs between the present amount of the mortgage and the 80 per cent appraised value of the property?—A. That is right, when the ability to pay is there in those cases and when the company, if it were to have to give the write-off, is giving up an asset and thereby reducing its power to make compensation where real need exists.

Q. Therefore the act should be confined, in so far as it applies to urban loans, to needy borrowers?—A. To non-current loans.

Q. Non-current loans?

Hon. Mr. Dunning: That is it.

By Mr. Cleaver:

Q. But certainly in regard to needy borrowers?—A. One of the big difficulties is, of course, once again your mortgagor, probably. If you have to deal with individual borrowers on an individual basis in accordance with need, then once again you are up against a simply insuperable proposition. You must try to analyse where the problem exists so that it can be dealth with in a general way.

Q. Speaking from the point of view of the loan companies, the loan companies cannot find other purchasers of farms, but could find other purchasers for the urban property?—A. I do not think that is a fair way of putting it, Mr. Cleaver. I would simply lay the difference on this basis; that if you propose to deal as this bill proposes, with the adjustment of both farm mortgage