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Mortgage Loans in Western Canada

CANADA is Attracting the Loaning Interests of the United States—Eighteen Life Insurance Companies are Already in the Field and Have Loaned Satisfactory Amounts—Future Appreciation of Values When Normal Conditions Prevail.

THAT Western Canada offers a good field for investment in loans on farm properties at conservative valuations, and that these farm valuations will, in the course of a few years, considerably appreciate and thereby improve the value of these investments. The same might be said with regard to the purchase of Canadian government and municipal debentures which can now be secured at most remunerative rates, with every prospect that the values of these securities will appreciate when conditions become more normal. This was the information given to the Life Insurance Presidents' Association at New York by Mr. E. M. Saunders, treasurer of the Canada Life Assurance Company, Toronto.

Until about twenty years ago, he intimated, the eastern half of Canada was the only reliable Canadian field for investments in farm mortgage loans; but owing to the prosperity of the farmers in this part of Canada, the loan and insurance companies were about that time compelled to turn their attention westward for that class of investments.

The provinces of Manitoba, Saskatchewan and Alberta bounded east by the Great Lakes and on the west by the Rocky Mountains, were being rapidly settled by Canadians and immigrants from all over the world, and offered excellent inducements for the investment of moneys in farm mortgages. This vast stretch of country, having within its boundaries 466,068,798 acres of land, about 45 per cent. of which (201,516,427 acres) is suitable for cultivation was twenty years ago only sparsely settled.

The crop yield of all grains in this territory in 1900 was 34,120,400 bushels, as compared with crop estimates for this year prepared by the Northwest Grain Dealers' Association and the Dominion government of 663,788,000 bushels, and these latter figures are now proved to be below and well within the mark by thrashing returns being received. The cash value of the four principal cereals of this 1915 crop is estimated at $304,200,000, which represents about a quarter of the total wheat crop for 1915 in the United States. The total wheat crop for the States was estimated at $1,200,000,000, or somewhere near those figures.

The crop for this year represents returns from twenty million acres, or only about 10 per cent. of the arable land. A further evidence of the change in conditions during the past twenty years in Canada is given by the figures showing increase in steam railway mileage. In 1894, twenty years ago, the total railway mileage was 15,000 miles; and in 1914 these figures have increased to 30,000 miles, just double; the greater portion of this increased 15,000 miles representing new lines constructed in Western Canada.

From 1908 to 1914 the railway mileage in the three western provinces alone showed an increase of 5,000 miles. Even with this large increase in railway mileage during recent years, the railway companies in Western Canada are being taxed to their full limit to handle the large crop which has just been harvested.

In the early days this section of the country was settled by all kinds of settlers, many of whom had little or no experience in farming operations. This latter class is now much in the minority, and at the present time most of our excellent farms are being worked by experienced farmers, thoroughly acquainted with local conditions; with the result that the field is more attractive for farm mortgage investments.

There remains a vast tract of land which will take care of a great number of settlers and absorb a large amount of capital. The life insurance companies, by investing in mortgage loans and municipal debentures, have played no small part in helping to develop this western country. For many years they have been lending money in the west, and some of them have now loaning offices located at central points in Manitoba, Saskatchewan and Alberta. These offices, which are in charge of salaried officers, devote most of their attention to mortgage investments, a large proportion of which are farm mortgage loans, yielding an average rate of interest of about 8 per cent. on low valuations. These advances, made on the security of improved farm lands, are on an average basis of about ten dollars an acre.

No company or corporation would be well advised to take up these farm mortgage investments, unless they had a good organization to handle them, or unless they arranged to place them through the medium of some reputable trust companies who will invest their funds either as agent or directly under a guarantee. When the trust companies act as investing agents, they usually make a charge of 2 per cent. the first year the investment is placed, and 1 per cent. for each succeeding year for the period for which the mortgage is drawn. When the investments carry the guarantee of the trust company, a