

Senator ISNOR: Then I think it is quite safe for me to say that 70 per cent would help to make possible the building of more housing of the type that is required, it would tend to increase loans.

Mr. LEMMON: I do not think I can accept that, Mr. Chairman. I think that our member companies are approaching the limit of the percentage of their assets that they would desire to put into mortgages and I do not know that the lifting of the limit from 60 per cent to 70 per cent would increase the number of loans. I do not think that is a safe assumption.

Senator LAMBERT: Am I right in assuming that the investments of the loan companies today in mortgages increased over the percentage of investments in securities and so on?

Mr. LEMMON: Drastically, Senator Lambert.

Senator LAMBERT: The income of insurance companies from mortgages, for instance, has increased a great deal more in the last two or three years than the income from investments in bonds and stocks?

Mr. LEMMON: I am not sure of the Senator's meaning. Do you mean the interest return?

Senator LAMBERT: No, I mean the percentage of investments in their portfolios.

Mr. LEMMON: Definitely, Senator Lambert. The life insurance companies particularly came out of the war, as I said in my brief, with a very high percentage of their assets in Government bonds, and a very low percentage in mortgages. Now we have come to the percentage mentioned in our brief.

Senator LAMBERT: I would go further and say the returns from those mortgages have been more profitable than from any other source of investment they make.

Mr. LEMMON: Generally speaking, mortgages yield gross much more than securities do. There is an expense factor involved of course, but I would say, generally speaking, the net return is perhaps more attractive in securities, and that is why we have increased our percentage.

Senator LAMBERT: The annual reports of the companies do show that.

Senator CRERAR: As you will admit, Mr. Lemmon, we are building a lot of houses. Do you have any idea as to whether we may be building too many houses or not? Has that had any consideration among your association members?

Mr. LEMMON: I would like to answer that this way, Senator Crerar, if I might. Our member companies, as I indicate in the last paragraph of our brief, are watching the market for housing very closely community by community, and if it appears to us that more houses are being built in a community than are being readily sold then we reduce our loans in that community. On the other hand, if the houses are being absorbed readily by the market then we do not. As I also say in the brief, so far our experience has been that houses are being readily taken up by the market. How long it will continue I would not like to say.

Senator CRERAR: One other question. The primary job of the committee now is to consider the annual report of the Central Mortgage and Housing Corporation. Might I inquire how your relationships are with the C.M.H.C. Do you get along amicably with them?

Mr. LEMMON: Generally we get along very amicably with them. As is the case in a business relationship of that nature there are differences of opinion which are sometimes argued with some heat involved, but, generally speaking, the relationships between our member companies and the C.M.H.C. have been excellent.