

*By Mr. Cleaver:*

Q. Just on that point, a bankruptcy test similar to the bankruptcy test under the Farmers' Creditors Arrangement Act would appear to meet that point, would it not? That is, no one would be entitled to the benefit of this act unless he could show he was unable to pay his debts in full.—A. That would bring it back to an individual basis.

Q. And would bring it back so that only needy mortgagors would have the benefit of the act. I should like to refer to the point I was examining you on. After reading the sections to which you gave me a reference this morning, it occurred to me that there might be some other reasons why the loan companies are opposed to the urban part of this act. I have been wondering as to whether it might not be on account of the length of time on which loan companies can borrow money? What is the length of time on which loan companies can borrow money?—A. I think the maximum restriction under the Dominion Loan Companies Act is ten years.

Q. Would the act be more satisfactory for the loan companies if it should be set up on the basis of a twenty year payment, that is, the payment amortizes for twenty years, but the balance of the loan to be due and subject to the new arrangement at the end of ten years?—A. That I think would be much more satisfactory from the standpoint of the loaning institutions, although—

Q. That is, it would not affect the amount of the monthly payments of the mortgagor but it would protect the loan companies as against an anticipated rise in the interest rate at the end of their first operating period.—A. That is quite right. I should not like to be taken as agreeing with what should be the case, that it should be a twenty year amortization basis and have a ten year term as the present National Housing Act. That would be preferable to the way the bill reads now so far as the bill might indicate that twenty years should be the standard term; but I should like to make this statement: possibly it might be unwise to standardize too much in the bill, having in mind that the length of time and the amount of amortization depends so much on the amount owing on the mortgage, the age of the property and other circumstances. Certainly a twenty year amortization and a ten year period is preferable to twenty year amortization and a twenty year period.

Q. Then, coming to the age of the property, which brings up another point that has been running through my mind. What about your loans on frame houses that are not built on masonry foundations? Would you not then be required to have a still further reduction in the due rate as to principal?—A. Well, I am not a mortgage loaning man and I cannot speak as to particular classifications.

*By Hon. Mr. Dunning:*

Q. May I just follow with one question bearing upon Mr. Cahan's line of questioning, because I regard that as very important indeed. In your replies to Mr. Cahan, Mr. Leonard, you indicated what I think everyone here believes, that the test of ability to pay is the real test in respect to all obligations that all of us have. But you indicated that conditions might be so general as to render impractical the application of that principle. Well, now, in this connection have you not had experience over the last ten years of the application of the general rather than the particular, for all of the provinces of Canada through their actions of a moratoria character?—A. All but one province.

Q. All but one province, and that condition has existed and is of general application in respect to all but one province at the present time?—A. Quite; in some type or form, I think that is right, sir.

Q. Would I be saying too much if I said your members would regard the future of their business as very much more sound if you could get away from that type of limitation?—A. Undoubtedly, sir.

[Mr. P. D'Arcy Leonard.]