

MORTGAGE LOANS' ASSOCIATION OF ALBERTA

Legislation Establishing Irrigation Districts, and Changes in Land Titles Act Were Important Subjects Discussed—
Cost of Doing Business Increased

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MEMBERS of the Mortgage Loans Association of the Province of Alberta have their annual meeting alternately at Edmonton and Calgary, it being the good fortune of the latter city to have its turn this year, the meeting being held on May 13. At each of the several sessions there were present about forty representatives of investment institutions doing business in the province. John Appleton, secretary of the Dominion Mortgage and Investments Association also attended.

Current Year's Legislation

The subject uppermost in the minds of those present was the effect of legislation passed at the session which terminated a few weeks ago. S. B. Woods at the mid-day luncheon meeting discussed at length various changes that had been made in the two most important measures—the first with regard to personal covenant in mortgages and the second as to the protection of mortgagees' interests under the irrigation legislation. It will be recalled that when the general Irrigation Act was introduced into the legislature, it did not provide for the protection of mortgagees. To make that point clear it might be as well to point out that existing statutes made it possible to establish irrigation districts and to make all charges for operating an irrigation system by them, including interest upon capital and working fund charges rank ahead of mortgages and other encumbrances which might have existed prior to the establishing of the district. For reasons which it is not necessary to explain here, the government brought in a new Act to take the place of the one on the Statute Book and in this new Act as in the old one, the rights of existing encumbrances were ignored.

Large Investments Affected

Of course, the members of the association were very much interested for the reason that they represented institutions with large investments in the province and which investments would be prejudiced by the passing of the new legislation. They also realized that it would be difficult for them to carry on their business in bringing capital to Alberta if the new Act were passed and mortgagees generally became aware of the possibility of a prior lien resting in the proposed legislation. As citizens of Alberta they manifested a lively interest in the future welfare of the province. No class of men realizes more keenly than they do that the province needs capital as much as irrigation for its future development. In consequence they became the spearhead of the attack upon the proposed invasion of the rights of an investor. Through their representations the members of the legislature were convinced that it would be desirable to protect the interests of first mortgagees and at the same time difficulties in the way of establishing irrigation districts were removed.

In the case of the proposed Lethbridge Northern system, the government undertakes, if the said system is carried out, to indemnify mortgagees against any loss they may sustain by reason of the establishment of the system. That particular system was authorized by a special Act, and in addition legislation of a general character passed provided for the establishment of irrigation districts. It was found that this legislation as drawn by the government's officers did not include the redemption clauses operative in case of loss by first mortgagees. As members of the association felt the government intended to have this in, its absence was drawn to the attention of the government and, of course, the defect was quickly remedied. The members, therefore, were disposed to congratulate the government upon the at-

titude it had taken on the whole. In their opinion the continuation of such an attitude would result in bringing far more capital to the province for general purposes than would have been the case if irrigation projects had been given an impetus by violating existing rights.

Personal Covenant in Mortgages

Recent changes in the Land Titles Act were not generally understood by the members and for that reason Mr. Woods was asked to explain them in detail. From his explanation it would appear that while the contract in a mortgage made prior to April, 1916, is not absolutely restored, it has been made more effective. Under the recent changes a judgment can now be obtained against the mortgagor which ties up his entire assets and they can be held in that position until a settlement is made with the mortgagee obtaining the judgment. Prior to his change and subsequent to April, 1916, a mortgagee in an effort to recover a debt had to realize upon the security named in a mortgage settlement and if the amount realized was not sufficient to liquidate the debt, he could then obtain judgment for the balance. This in principle was unsatisfactory and in practice quite impossible. In 1917, 1918 and 1919 cases were continuously developing in which mortgagors simply ignored their indebtedness and laughed at the mortgagees. It is only fair to point out that on the whole the farmers took care of their obligations and generally speaking those who ignored them were the speculators in urban properties. This was a matter which occupied a considerable portion of the time spent in the sessions held.

Remuneration for Institutional Services

In a new province like Alberta problems with respect to taxes; cost of services rendered and cost of transacting business generally find a place in the discussions between financial men when they gather together. The Alberta convention was no exception to the rule. It was frequently pointed out that statutory charges grew higher from year to year; solicitors' fees of necessity had also risen appreciably, but actual charges for the use of money and for the use of services by the institutions had not shown appreciation since prior to the war. Some change in this respect was regarded as being imperative if the institutions had to continue in the performance of the essential services which they were rendering to the public. For instance in handling trusts the charges were practically the same although the cost of maintaining a complete staff had about doubled. Necessary adjustment, it was the general opinion, ought not to be longer delayed. Whilst there was a tendency to dwell on these matters, it would be a mistake to infer that the members of the Alberta Mortgage Loans Association are in any respect pessimistic with regard to the future of their province. While fully conscious of the difficulties which legislation has imposed upon them, they feel that the people will ultimately remove these difficulties and give the province a chance to attract the capital it needs for its future development. They are very hopeful in this respect and their confidence in the natural wealth of the province is unbounded.

W. T. Creighton was again elected president of the association and H. A. Howard vice-president. Few changes were made in the two executives, one representing northern Alberta and one southern Alberta having their headquarters, respectively at Edmonton and Calgary.

SASKATCHEWAN MUNICIPAL HAIL INSURANCE

A meeting of the directors of the Saskatchewan Municipal Hail Insurance Association will be held early in June. The new legislation provides for a rebate of premium in cases where crops have been damaged by causes other than hail early in the crop season. The rates of rebate are to vary according to varying periods of the crop season, and these periods will have to be fixed and the amounts allowed as rebate within those periods determined.