

TEETZEL, J.

DECEMBER 3RD, 1909.

SASKATCHEWAN LAND AND HOMESTEAD CO. v.
LEADLAY.*Mortgage—Interest post Diem—Compound Interest—Construction
of Covenants—Items of Mortgage Account—Costs.*

Appeal by the defendants the Leadlays from several rulings of the Master in Ordinary (see 14 O. W. R. 745) upon a reference to take mortgage accounts.

G. Kappele, K.C., and C. Kappele, for the appellants.

A. B. Cunningham, for the plaintiffs.

A. J. Russell Snow, K.C., for the defendants the Moores.

TEETZEL, J.:— . . . The Master, adopting the reasoning in *Imperial Trusts Co. v. New York Security and Trusts Co.*, 10 O. L. R. 289, disallowed the appellants' claim to compound interest. . . . The language of the covenants here distinguishes this case from the *Imperial Trusts Co.* case, and is sufficiently comprehensive to shew that the parties intended that compound interest should continue to be computed not only during the term of the mortgage, but during the continuance of the security. . . .

I think the following portion of the covenant in this case, to which there was nothing corresponding in the *Imperial Trusts Co.*'s mortgage, marks the principal distinguishing features between the two cases, namely: "That interest in arrear and premiums of insurance or other sums of money paid by the mortgagees for the protection of this security, such as taxes, repairs, or other incumbrances, and all costs, charges, and expenses connected therewith, including the costs of any abortive sale or sales, shall bear interest at the rate aforesaid, and shall be compounded half-yearly, a rest being made on the said first day of November and May in each year until all arrears of principal and interest and such other sums are paid, and that we will pay the same and every part thereof."

It is impossible to read this covenant, associated with the covenant making the payments for taxes, etc., "a charge on said lands in favour of the mortgagees," as limiting the mortgagees' rights as to these payments to the period of the mortgage only. In other words, it is plain that such payments may be made by the mortgagees at any time either before or after the maturity of the mortgage. This being so, is it not equally clear that, when the mortgagors provide that "interest in arrear" and other sums which may be expended by the mortgagees "shall bear interest at the rate aforesaid and shall be compounded half-yearly," etc., "until