

Senator CRERAR: Then would you agree that the serious recession and unemployment talk we hear so much about has not affected the repayment of money on these houses?

Mr. LEMMON: That is quite true up to this date.

Senator LAMBERT: At the conclusion of your brief you express some doubt about the future.

Mr. LEMMON: The last paragraph refers not to the doubts on mortgages. We are considering the problem of whether there are too many houses being built in any one community.

Senator LAMBERT: Yes, that is the last sentence.

Mr. LEMMON: Yes, it is not a question of security of the mortgages, but just watching the market in individual communities across the country.

Senator LAMBERT: It might affect the demand for mortgages?

Mr. LEMMON: It might.

Senator LAMBERT: In other words, there is a question whether the house situation is not being overbuilt?

Mr. LEMMON: That is correct, sir.

Senator BRUNT: In certain areas.

Mr. LEMMON: That is right; it is not uniform.

Senator TURGEON: Any particular provinces?

Mr. LEMMON: No, I wouldn't like to stress a province-wide situation because it varies from community to community.

Senator HAIG: There is no shortage except in this respect, that a crop failure in a district will affect the situation under any kind of condition?

Mr. LEMMON: That is quite right, sir.

Senator HAIG: We in the western provinces, for instance, are having some difficulty with this year's crop, which naturally will not be a normal crop. I think there would be some shortages in that part of the country, but that would only be on account of crop conditions. No other condition would affect that as yet?

Mr. LEMMON: Mr. Fortin just called to my attention that the situation varies from community to community with respect to the price range of the houses. I mean, there may be an over-supply of \$25,000 houses and a shortage of \$10,000 houses, and vice versa; it is quite a varying condition.

Senator HAIG: That is for you to decide whether to lend your money?

Mr. LEMMON: That is what I mean by the last paragraph.

Senator SMITH (*Queens-Shelburne*): You refer to the fact that you lend under the ordinary legislation up to 60 per cent of the face value. Does that have to do with used houses—old houses?

Mr. LEMMON: Both old and new.

Senator SMITH: I was wondering in connection with that kind of lending under ordinary legislation whether very much of your mortgage business is done on new houses where the appraised value is only 60 per cent?

Mr. LEMMON: Speaking for the association as a whole, it obviously varies from company to company. Some companies tend to make a specialty of lending on older houses, while some companies will not lend on old houses at all. I am sorry I cannot quote the figure of percentage on old and new houses, but there is a substantial amount of both.

Senator SMITH: I was wondering whether there was a substantial number of people building new houses today who would borrow money from your companies and pay from 6.75 per cent to 7¼ per cent on a shorter term mortgage.