

The Chronicle

Banking, Insurance and Finance



ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY

Vol. XXXVII. No. 17.

MONTREAL, APRIL 27, 1917.

Single Copy 10c.
Annual Subscription \$5.00

MORTGAGE MATTERS.

Increased agricultural production in Canada after the war pre-supposes an adequate supply of mortgage funds. Unless these are available, at a rate profitable to the borrower and satisfactory to the lender, the numerous, and in some cases, grandiloquent land settlement schemes now being so eagerly discussed in some quarters, will come to nothing. It may be assumed, also, that in spite of fancy proposals by Governments and the development of new means for the supply of agricultural credit, that those lenders—the loan corporations, life companies, trust companies, etc.—which have hitherto almost entirely occupied the mortgage field, particularly in the West, will continue to play a highly important part in the supply of mortgage funds. In gathering up small or relatively small amounts of capital or savings from investors, or in the case of the life companies from their policyholders, in Great Britain and the United States as well as in Canada, and making them available for Western development, these various organisations have performed an extremely important and necessary economic function, with credit to themselves and benefit to the Dominion. They have not always been popular. Short-sighted legislation imposed upon the companies unfair burdens which had necessarily to be passed on to borrowers, there was a rise in the rate of interest and an occasional unit of the lenders' ranks was guilty of sharp practise. With the development of an anti-corporation sentiment among certain sections in the West, piling prejudice upon reason, the loaning corporations naturally became the constant victims of at least verbal opprobrium.

Several years ago, there began a series of enactments by the provincial governments which had the effect of making the companies' first mortgages anything but first mortgages except in name. Charges of various kinds, some of relative unimportance, were made to take precedence of the instrument through which funds had been lent upon a specified security that was gradually whittled away. Even the Dominion Government in its seed-grain legislation, took its part in thus treating first mortgages as "scraps of paper." Following this development, came the extraordinary and almost scandalous legislation passed in several of the western provinces following the outbreak of the war, through which the dishonestly-inclined have been enabled simply to snap their fingers at their creditors, and the loaning companies denied the

most elementary rights at law. How public men with any gift of foresight could be stampeded into legislation of this kind passes the comprehension of the outside observer. The effect of it has been seen in a refusal of several of the companies to lend further in provinces where legislation of the grossest type has been enacted, until the objectionable legislation has been repealed and the lenders are assured again of the ordinary protection of the law.

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Fortunately, this phase appears to have about come to an end. It was noted in the report presented to the recent annual meeting of the Land Mortgage Companies' Association, that at recent sessions of Western provincial legislatures, a number of changes have been made, which place charges previously ranking ahead of first mortgages, in their proper place on the register, or otherwise provide for their protection without their taking direct precedence over existing first liens. This development appears to be a legislative response to the "get-together" movement of Western farming and financial interests, which has developed considerably during the last twelve months, and appears to have notable possibilities. In some of the provinces, the companies still suffer grave disabilities, but at all events a start has been made, and with a continuance of educational work, continued improvement in legislation may fairly be anticipated. It is suggested in the report of the Land Mortgage Companies' Association that one reason for existing difficulties is failure to grasp the fact that the loaning companies are really in the position of agents of the lending public, which is composed of many thousands of small investors. As regards the companies' supply of funds in the future, it is not altogether clear at present to what extent British investors will resume their investments in the loaning companies' bonds. Before the war, of course, the British market was a most important source of supply of funds for loaning on mortgage. Presumably, even with a continuance of Treasury control of British capital issues, sale of the companies' debentures will be facilitated in Great Britain after the war as the use of the funds thus obtained is certainly upon objects of "national importance." However, it is quite possible that for this, as for other objects, we may have to rely more upon our own capital than in the past. There is therefore the more reason why unfair legislation should be speedily repealed. With the opportunities that will lie before it after the war, capital will certainly not go where it is not assured fair and reasonable treatment.