

The WITNESS: The interest rate is the same to co-operatives as to home owners; namely, 5 per cent.

Mr. MACNAUGHTON: Eventually, Mr. Chairman, I would like to deal with loans to limited dividend companies a matter which is referred to on page 9. Perhaps I should wait until a later stage when we have our general discussion.

The CHAIRMAN: Very well. Loans to builders.

Mr. CRESTOHL: Mr. Chairman, I do not know whether this is the place to raise this question of loans to builders. Perhaps I can explain my question best by giving an illustration of what has been bothering us around Montreal. A builder proceeds to construct, let us say 100 homes in a single unit, and the 100 homes are advertised for sale in the newspapers and the advertisement suggests that the down payment would be \$1,990 and \$43 a month thereafter which would take care of all the purchaser's obligations. The builder then obtains his loan from the mortgage company or the insurance company with the assistance of the government money; and the builder then sells the unit, the individual home, to the purchaser; formal deed is passed according to the laws of the province of Quebec before a notary to which there is attached a very bulky mortgage deed being the arrangement between the builder and the insurance company. In the deed of acquisition by the purchaser there is a simple clause that the purchaser has taken communication of the mortgage deed and shall be bound by its obligations. Somewhere down the line the purchaser is under the impression that according to the ad—these are simple people, ordinary citizens buying these homes—his obligation is to pay \$1,990, or \$3,000, as the case might be and so much a month; in this case around \$43, then he is shocked at the request from the insurance company that instead of \$43 a month he finds he has to put up \$83 to \$93 or even \$103 a month in some cases. I have seen a great many of these figures, actually, and have sent them to the minister. The additional payments flow from the fact that the purchaser without his being aware of it also undertook to pay over a period of three years for the improvements—sewers, roads and other services of the locality where this building project is going on; and if some unfortunate purchaser finds that he is unable to pay \$93 a month he is in jeopardy of losing his home. Delegation after delegation have come to see the various members around Montreal about this. Now, this problem to them is a genuine problem; and I appreciate that the government is in the clear on this matter; and that while the local purchaser is bound by the agreement, he should have taken the precaution to read it, but did not. My suggestion would be that in future before a loan is made to a builder in this connection that he must undertake in his advertising for sale of these units to state specifically the full and complete obligations of the buyer; let the builder make the research as to the cost of the sewers and roads and things of that kind which are a charge by the municipality, and let him include that in the price and calculate the monthly payment so the average person, John Citizen, may not be under any misapprehension as to his total obligation being limited to \$43 a month after he makes his initial payment so that he will not be put in jeopardy of losing his home. I think that is a precaution which the government should take to see that before they make a loan to a builder that he undertook to make that research himself to determine the costs, and clearly specify in his advertisements what the complete obligations of the purchaser will be.

The CHAIRMAN: Mr. Mansur will make a reply to that question, Mr. Cresthol, when we come to the question of the problems experienced by individual members. I thought when you opened your remarks that you were going to speak on loans rather than local experiences, but I did not care