between $10,000 and $20,000; and 17 per cent are for mortgages between $20,000 and $30,000. Those figures are quite interesting, because they indicate that a lot of home owners have mortgages—some 75 per cent—of $20,000 or less. With the present value of housing it is quite apparent that many of those home owners could refinance.

Because of the situation we have found ourselves in within the last year, I would consider it highly desirable, in some circumstances, that the homeowner should be able to refinance without substantial penalty. Take, for example, someone who has become unemployed, and that has happened to too many people in the last short while. If he had, say, a $20,000 mortgage on a house valued between $50,000 and $70,000, and was able to go to the bank and refinance, the extra money might carry him through this difficult period. There are many other reasons why a person might want to refinance a mortgage but if the penalty is the balance of the five years at whatever interest rate he is paying, then obviously he has no choice. Under those circumstances he has to find his moneys from some other source. As everyone is aware, if he goes to a bank he is likely to pay 3 or 4 or 5 points above prime rate, and so will pay a very high interest rate indeed. As well, he has a much shorter repayment term. In other words, in difficult times such as we had last year, I would consider it highly desirable that home owners have easy access to the equity in their homes. If they have built that equity up over the years, they should have access to it through taking out another mortgage. I do not mean a second mortgage because the interest rates on them are too high. I mean access by refinancing.

Earlier I spoke of a case with a three month cancellation clause. I estimated that the penalty would amount to a certain sum and that by adding this penalty to the amount of the principal outstanding and then adding the amount of the moneys necessary for the refinancing of other debts, the total package at current interest rates would result in a monthly payment which was hardly different from the amount presently being paid, but with all the problems of financing for different reasons put into one package. In other words, it would be a lot more convenient.

• (1700)

Because the arrangement to speak on this Bill today was discussed last week, I have not had time to draft the kind of Bill I would like to submit in the new session. It would be worded somewhat differently. I recognize that if interest rates for a period of five years are going to be paid to persons who have cash available, obviously those moneys will have to be lent at secured rates for long periods.

Nevertheless, I do not think that we here should be worried about trying to solve the problems of our chartered banks. Let them adjust to the circumstances and let them not do it at the expense of the home owner. While in detail there may be some omissions in this Bill because it is now some three years since I first submitted it, I submit that the intent is clear. I somehow doubt whether this Bill will go into committee for study, but if it should, any difficulties that one might have because of the changed situation today could be looked after by amendments. The principle remains the same. There should be an option in all mortgages insured by CMHC allowing a home owner to refinance with a reasonable penalty. My suggestion is that that should be three months' interest.

Mr. Gordon Taylor (Bow River): Mr. Speaker, my contribution will not be long. However, there are two or three matters I want to deal with in connection with this Bill. First, all mortgages, certainly those that are insured by Crown corporations, should have an escape clause whereby a person can pay off the mortgage at any time without penalty. I do not understand why a person who has the money should be penalized. If he borrowed $100,000 one or two years earlier and he has paid the interest during that time; if he suddenly has enough money to pay off the mortgage, why should there be a penalty? He is giving back the whole principal plus the interest, which he has already paid. I cannot follow this penalty business. Every mortgage should have an escape clause so that it can be paid off without a penalty.

Second, this Bill may help some people. The Hon. Member mentioned one case. However, it will be used rarely. I have no objection to the Bill, but I wish it had tackled some of the real problems of interest today, those that worry the home owners, farmers and businessmen. There is no end to what could have been put into the Bill.

We recently had a visit from Ontario farmers belonging to the Canadian Farm Survival Group. A farmer and his wife visited my office. They told me the bank had taken over their farm. In fact, the bank was considering whether to allow them to continue living there. Although the bank had sold some of their chattels, it would not give a report on how much it made. It was complete arrogance. When a bank exercises its rights under a chattel mortgage or similar instrument, it should be required by law to show that that money has been applied to the principal and how much.

I was delighted to read of a number of farmers in Ontario who are fed up with the high-handedness of some banks. One man's chattels were being sold. I do not know whether they included cattle, but they did include his machinery, whatever he needed to make a living. The other farmers bid ridiculously low prices, such as $2 or $3 for a tractor, combine or seeder, and then turned it back to the farmer. That is being real neighbourly. I do not see anything wrong with it. They were endeavouring to give that man back the instruments he required.

If the bank takes away the farmer's means of livelihood, how can he possibly pay off his mortgage? The banks are simply confiscating these farms. After a lot of hard work and worry, this man is losing his equity. That is not fair to the farmer.

When I was a teacher in a rural district during the early thirties, I recall an insurance company taking over a farm. One day the youngsters came to school crying because they had been ordered to get out of the house. The insurance company did not care where they went. They simply told them to get out and leave everything the way it was.