The experience of the last few years by the member companies of the Association is as follows:

Gross Mortgage
Loans Approvals—

	1957	1956	1955	1954	1953
			($ millions)		
New Housing	286	435	476	399	280
Existing Housing	119	134	139	103	85
All Housing	405	569	615	502	365
All Properties	497	694	742	606	440

Average Gross Loan—

New Single House $10,560 $10,613 $9,835 $9,042 $7,990 and $ 5,140 in 1948.

During the Second World War member companies used the bulk of the moneys coming into their hands to help finance Canada's war effort. By the end of the War, Canada bonds formed a large part of the assets of these companies. In the reconstitution of their growing portfolios to recover the balanced diversification of assets which management and experience have indicated as desirable, holdings of Canada bonds by the companies have been reduced substantially and other kinds of assets have been increased, notably mortgage loans. This reduction in holdings of Canada bonds made possible in considerable part the relatively high volume of mortgage lending by the companies in the post-war period. This source of funds has almost disappeared as most companies have probably reduced such holdings to the minimum considered desirable by them.

The lessened mortgage activity of the last two years, particularly that of 1957, is a reflection of the very high level of demand for other types of credit, and the consequent relative attractiveness of other types of investment, combined with the large proportion of their assets already held in their portfolios of mortgages by member companies. At the end of 1957, member loan companies held 78.9 per cent of their total assets in mortgages on real estate in Canada, member trust companies 36 per cent and member Canadian life insurance companies 42.8 per cent of their assets in Canada. For the first 5 months of 1958, in consequence of the change in the general level of interest rates and of the changed pattern of demand for credit, the gross mortgage loan approvals of all types by member companies show an increase of 38 per cent over those of the same period of 1957, those for housing showing an increase of 33 per cent.

The volume of funds of member companies seeking investment in the mortgage field is governed by many complex factors. In a general way, it can be said that it is something of the order of the reinvestment of mortgage principal repayments plus the portion of its net increase in assets which each company considers to be desirable in its own case to give effect to its own liquidity and diversification requirements in relation to the nature of its liabilities.

Commencing with the enactment of the Dominion Housing Act in 1935, Parliament, for both economic and social reasons, has moved in many directions to facilitate the provision of mortgage credit for housing, to improve standards of construction and to widen the area of effective demand by increasing the amount of the loan and by extending the period of amortization. In so doing, however, it has created for the lender risks additional to those recognized as being ordinary by legislation generally in effect in Canada