

Housing

Foreclosure is a legal remedy whereby, upon default, the mortgagee enters into a lengthy legal procedure of nine to 12 months designed to secure title to the property for the lender. All of the equity is transferred to the lender. That legal procedure is unpopular and expensive and, therefore, is no longer used extensively by lending institutions.

In Ontario, at least, people have switched to power of sale proceedings. When a mortgage goes into default, the mortgagee simply sends a formal notice to the home owner advising him or her to bring the mortgage into good standing within a prescribed period or the home will be sold. In this case the lending institution only gets the amount of the mortgage upon completion of the sale. The difference between the sale price and the mortgage goes to the home owner—after expenses, of course.

Home owners in difficulty in Ontario and in all provinces are being forced to sell at distress prices by the lending institutions. The lending institution which controls the sale is only interested in getting the mortgage principal out of the deal. The home owner's equity means nothing to it. Consequently, thousands of Canadians are losing their homes, thanks to the Liberal Party's high interest rate policy. Reference to rising or falling foreclosure rates is empty rhetoric since that legal remedy is no longer in popular use.

We cannot measure the effects of sale proceedings, nor can we measure the human suffering, but there are some causes that we can examine and there are some solutions we can suggest. There are two main causes of the problems of Canadian home owners. The first occurs as a result of the Liberal Party's high interest rate policy and the second is the failure of the Liberal government to address the problem. The present government is responsible for the highest mortgage interest rates in Canada's history.

In 1980, the year the Liberal Party lied to the Canadian people in order to gain re-election and promised to protect them from the spectre of foreclosure, mortgage interest rates rose from a low of 13 per cent to a high of 17 per cent. In 1981, the second year of the promise to do something, the rates ranged from a low of 15 per cent to a high of 21.5 per cent. I would remind the House that this is the rate being charged in Toronto and the other large cities. It is certainly not the rate that is available to Canadian home owners in the riding of Simcoe North and the rural areas of this country. Canadians have suffered the highest mortgage interest rates in history, since the Liberal Party took office. In 1982 this government continues to do nothing to control soaring interest rates.

During the past two years all hon. members have received complaints from home owners faced with horrendous increases in mortgage payments as a result of this government's policies. There is no way that people can handle the unconscionable increases in payments. I am sure all members, no matter on which side of the House, will agree with me that there is nothing so frustrating for a Member of Parliament as listening to home owner after home owner tell of the hardship the high interest rate policy is forcing upon them. We on this side do not want to monitor the situation; we want to offer the people

action. At least we can say that we did offer them action. The people have had it, Mr. Speaker; they have had it up to here with what they are having to pay.

Coupled with these high interest rates is a social problem, the extent of which we cannot gauge at this time, but it is out there. Until the mid-1960s the long-term mortgage was the rule—20 or 25-year terms. Home owners knew that their monthly payments were fixed at something they could afford for a substantial period of time. Then in the mid-1960s lending institutions moved to the five-year mortgage. Perhaps it was not as good, but it was a substantial time-frame within which to plan one's future with a reasonable sense of stability. Now Canadians are faced with one and two-year terms, even six months in some cases. The stability of having one's amount of payment fixed for five years is gone. I do not pretend to be a social scientist, but common sense tells me that this will place a terrific strain upon many hundreds of thousands of Canadian families.

● (2040)

What does the bill do? The much-touted Canada mortgage renewal plan is little more than government stalling tactics which force Canadians already faced with financial difficulties further into debt. It will not help anyone who faced the Liberal high interest rates before September 1, 1982, or anyone after November 12, 1982. A leaked document prepared in the autumn of 1981 predicted that more than 100,000 Canadian households would be faced with mortgage payments exceeding 30 per cent of their gross income. The bill proposes to give an interest deferral guarantee of up to \$3,000 to borrowers who have some equity in their homes. The government estimates that 37,500 home owners will qualify for this deferral guarantee. This is nothing more than an encouragement to Canadians to increase their debt load. Canadians are mortgaging their future because the government has absolutely no imagination, except to suggest that Canadians borrow more against what little equity they have. Approximately 12,500 home owners with only 5 per cent equity will receive an outright grant of \$3,000. That grant is tantamount to AHOP revisited, the program brought in by the Liberal government which led so many Canadian home owners to disaster. Of the 920,000 Canadians who will be renewing their mortgages in 1982, the government proposes to assist 50,000 home owners.

If the Progressive Conservative mortgage interest and property tax credit plan had been adopted, every Canadian home owner would have received assistance with his mortgage; not just the 920,000 renewing their mortgages this year, but every Canadian home owner with a mortgage. They would have received a credit of up to \$1,500 a year, amounting to \$125 per month. This would have considerably addressed the problem with which Canadian home owners are faced as a result of the Liberal high interest rate policy. The Liberal Party voted against that proposal, the NDP voted against it as well. We invite the Canadian public to compare the paltry provisions of the bill before the House with the Progressive Conservative mortgage interest and realty tax credit plan we introduced in the House against which the Liberals and members of the