

Mr. MACGREGOR: These sections have no application to foreclosures.

Mr. ADAMSON: Why is the figure 85 per cent the amortization figure?

Mr. MACGREGOR: 85 per cent was chosen because in some of these deals that amount is specified in the lease as a repurchase option at the end of the term. It will also ensure in most cases the complete writing off the building, leaving the other 15 per cent to cover the land.

The CHAIRMAN: Are there any further questions on section 8?

Mr. ASHBOURNE: That section could apply to freehold real estate—

The CHAIRMAN: What subsection are you referring to?

Mr. ASHBOURNE: Page 8—provided the amount does not exceed 60 per cent of the value of the real estate. How is the value ascertained?

Mr. MACGREGOR: Usually, sir, by independent appraisal. The Department's examiners always look for an independent appraisal. In some cases the companies' own officers or employees make appraisals but where there is not a wide margin in the loan the examiners always look for an independent appraisal.

Mr. ADAMSON: I have just one question. Have you any machinery dealing with communities—where there is a proper town plan or a proper loaning restriction in force? I happen to know of one or two communities where there is no plan and it is impossible to get a mortgage at all to build any type of house in that community. In other communities where there is a plan mortgages can be arranged quite simply? Would you like to comment on that? Is there any machinery with regard to that?

Mr. MACGREGOR: There is nothing specific in the Act with reference to that point. The sole discretion and responsibility for making loans rests with the management of each company. The point is not referred to in any way with this Act.

Mr. HELLYER: I wonder if Mr. MacGregor would tell us whether the department appraisal is made at public expense?

Mr. MACGREGOR: Appraisals of properties owned by a company are made at the company's expense and in any case where the Department is of the opinion that a parcel of real estate is carried at an excessive value we may request the company to secure an appraisal—the department names the appraiser, and in every case the company pays the cost.

Mr. HELLYER: It has been my experience that the applicant for the mortgage pays for the appraisal?

Mr. MACGREGOR: That is the rule where a new loan is being obtained. I had in mind appraisals with respect to a property already owned by a trust company.

The CHAIRMAN: Shall section 8 carry?

Carried.

Section 9.

What is "common trusts funds" referred to in this section?

Mr. MACGREGOR: "General" and "common" are synonomous in the context. A "general" or "common" trust fund is a fund in which moneys belonging to various estates and trusts are combined for the purpose of facilitating investment. This clause, of course, permits a combination of trust funds in that manner only if the trust instrument does not otherwise direct; it does not apply if the trust instrument calls for the specific ear-marking of the assets.

The CHAIRMAN: When the funds of a general or common trust fund are invested, if the yield rates vary, how is that pro-rated among the funds which are pooled?