

There were 526 applications withdrawn or rejected before appraisal. There were 296 applications withdrawn or rejected after appraisal. The balance are in corespondence, awaiting appraisal with the appraiser.

We also have 1,033 which have been appraised and most of these loans have been approved and offered to the borrower and have not yet been accepted by the borrower.

Mr. FORBES: And that is about a third of the applications are refused on some ground or another?

Mr. FLEMING (*Eglinton*): No, it looks like about one-fifth, including withdrawals and rejections. The total is 526 plus 296, about 800 out of 4,185, which is about one-fifth or 20 per cent.

The CHAIRMAN: Gentlemen, would you give your names?

Mr. SPEAKMAN: Mr. Chairman, I would like to ask Mr. Chester, in view of the fact that the current repayment record is as shown by his table in which over 50 per cent of the borrowings have been repaid, would it not be of a great deal more assistance to the individual borrower if his ability to pay was rated along with the appraised value of his land?

Mr. CHESTER: It undoubtedly is. That is the basis upon which we make loans, his ability to pay.

Mr. SPEAKMAN: I was four years with the Veterans' Land Act as a supervisor and the borrowings there, as I think everyone in Canada knows, have a very excellent record and the ability to pay was I think probably the principal factor, knowing as we do that 50 per cent of the appraised value of land today represents a very small part of the ability of any man to buy a piece of land.

Mr. FLEMING (*Eglinton*): I think everyone appreciates the record shown under the Veterans' Land Act and the point that Mr. Speakman makes about the importance attached to the ability of the borrower to repay under that legislation, which has its full counterpart under this legislation. The board is required as a matter of fact by law to take the credit worthiness and ability to repay and the character of the borrower into account along with questions pertaining to the value of the land upon which he is seeking a mortgage.

Mr. SPEAKMAN: I think perhaps the 50 per cent, Mr. Chairman, is a bit restrictive because in the case of central Alberta land appraised values are not at all anything like the actual values. As I say, in the Veteran's Land Act the appraised value of a piece of land is probably 50 per cent of the asking price of a vendor, which makes it very difficult. But under your 50 per cent of the appraised value you are talking about 25 per cent of actual value.

Mr. CHESTER: I think you misunderstand. We make loans up to 65 per cent, not 50 per cent.

Mr. SPEAKMAN: Well, even 65 per cent is still getting down pretty low.

Mr. FLEMING (*Eglinton*): That is the point about land value. You have the same problem in the administration of any government loan where there is provision for lending on any farm on a mortgage. You have the same problem under the National Housing Act. It is a problem to relate current fluctuating market values to lending value. You may get these wide fluctuations from year to year, period to period, in market value and the appraiser has to have regard for something more continuing, something more basic in determining lending value.

You are always going to have some problem. Any valuator will weigh this, a government valuator or a private one in relating lending value for mortgage purposes to this fluctuating element of market value.

Just here I think it could be said that while you will never satisfy everybody, you will never satisfy the man who is seeking the loan and who puts a very high value in his own mind on his own property, nevertheless I think