

The Court order and the schedule of prices, together with an explanatory memorandum by the Under-Secretary for Justice, which, by direction of the Court of Review, was to be referred to by the Commissions in applying the prices to each particular district, was published by the Government Printer in booklet form.

(c) *Leases*.—The basic rent of property was such rent as, in the opinion of the Commission, was a fair rent to serve as a basis for the adjustment of the liabilities of the applicant. In determining that value, regard was had to the value of property—that is, except in the case of farm lands, the value on the date of the passing of the Act—the value of the lessee's interest in improvements, and in the case of farm lands the productive value of the property assessed in the manner hereinbefore described.

Method of determining whether Applicant was entitled to retain Property.

The Commissions had regard, in the case of farmer applicants, to—

- (a) The conduct of the applicant in relation to the care and management of the lands and the disbursement of the income :
- (b) The extent to which the area of the farm lands exceeded or was less than the area required to enable the applicant to obtain a reasonable standard of comfort :
- (c) Whether any relief would enable the applicant to meet his future liabilities :
- (d) Any other matters it deemed relevant.

If the Commission determined that the applicant was entitled to retain the possession of his property, it then proceeded to make an order.

The Adjustment.

Besides exercising many ancillary powers, the main lines on which the Commissions worked were as follows :—

Mortgages.—If the basic value (in the case of farm lands) or the value (in the case of other property) of the property was less than the amount secured thereon, then the amount so secured was reduced to the basic value or the value. Where there was more than one security, the adjustment was made in strict order of priority—that is, the first security was satisfied in full before any amount was appropriated to the second security, and so on.

This rule did not operate to exclude the provision already noted which gave the Commissions power to remit any interest before determining the amount due under any adjustable security. Interest due on a first mortgage could therefore be remitted although the principal and even the interest on subsequent mortgages was left intact. But as to capital, the rule as to priorities was absolute. It followed, therefore, that, except in the case of Crown leases, rates always had priority over amounts owing on mortgages. As to Crown lands, the position depended largely on the nature of the rate charge.

Leases.—If the basic rent was less than the rent payable under the lease, the rent payable under the lease was reduced accordingly. The Commission could not extend the term of a lease. Any outstanding rent became an adjustable debt, and was dealt with as in the case of a mortgage.

Adjustable Debts.—Any balance by which amounts under mortgages exceeded the value of the property and any arrears of rental owing became adjustable debts—that is, they became unsecured claims. The Commission had no discretion as to this, although, as will be mentioned later, it had a discretion whether it ordered payment of these sums as unsecured debts.

Further, in the case of farmer applicants all unsecured debts owing at the time of the application were adjustable debts and came within the purview of the Commission. The unsecured debts of applicants other than farmer applicants were not affected by an application for adjustment, except for such unsecured debts or liabilities of a home applicant as arose directly out of the acquisition, extension, improvement, or maintenance of the premises occupied by the applicant as a dwelling.

It was entirely within the discretion of each Commission whether it remitted or ordered payment of adjustable debts, but except where an order was made for these payments adjustable debts were deemed to be discharged. Where the applicant had no assets available for the payment of adjustable debts, no order was to be made unless the Commission, after taking into consideration the income of the applicant and any hardship that the failure to make an order might inflict on the creditor thought it just and equitable to make an order.

Variation of Terms of Mortgages or Leases.

Whether or not the amount secured had been reduced, the Adjustment Commissions were empowered to vary the terms and conditions of any adjustable security, or to order the substitution of a new security therefor. Power was given to order repayments of principal and interest as under a table mortgage.

Where the amount secured on land was reduced and no order was made for repayment on a table-mortgage basis, then such portion of the amount payable as the mortgagor would be able to borrow on first mortgage on reasonable terms was to be made payable at the end of five years, and the balance (if any) on such date as was fixed by the Commission.

Interest payable under adjusted mortgages was not to exceed the rate fixed by Order in Council, namely—

As to first mortgages on land	..	..	..	..	4 $\frac{3}{4}$ per cent. per annum.
Other mortgages on land	..	..	..	..	} 6 per cent. per annum.
Mortgages on property other than land	..	..	..	..	