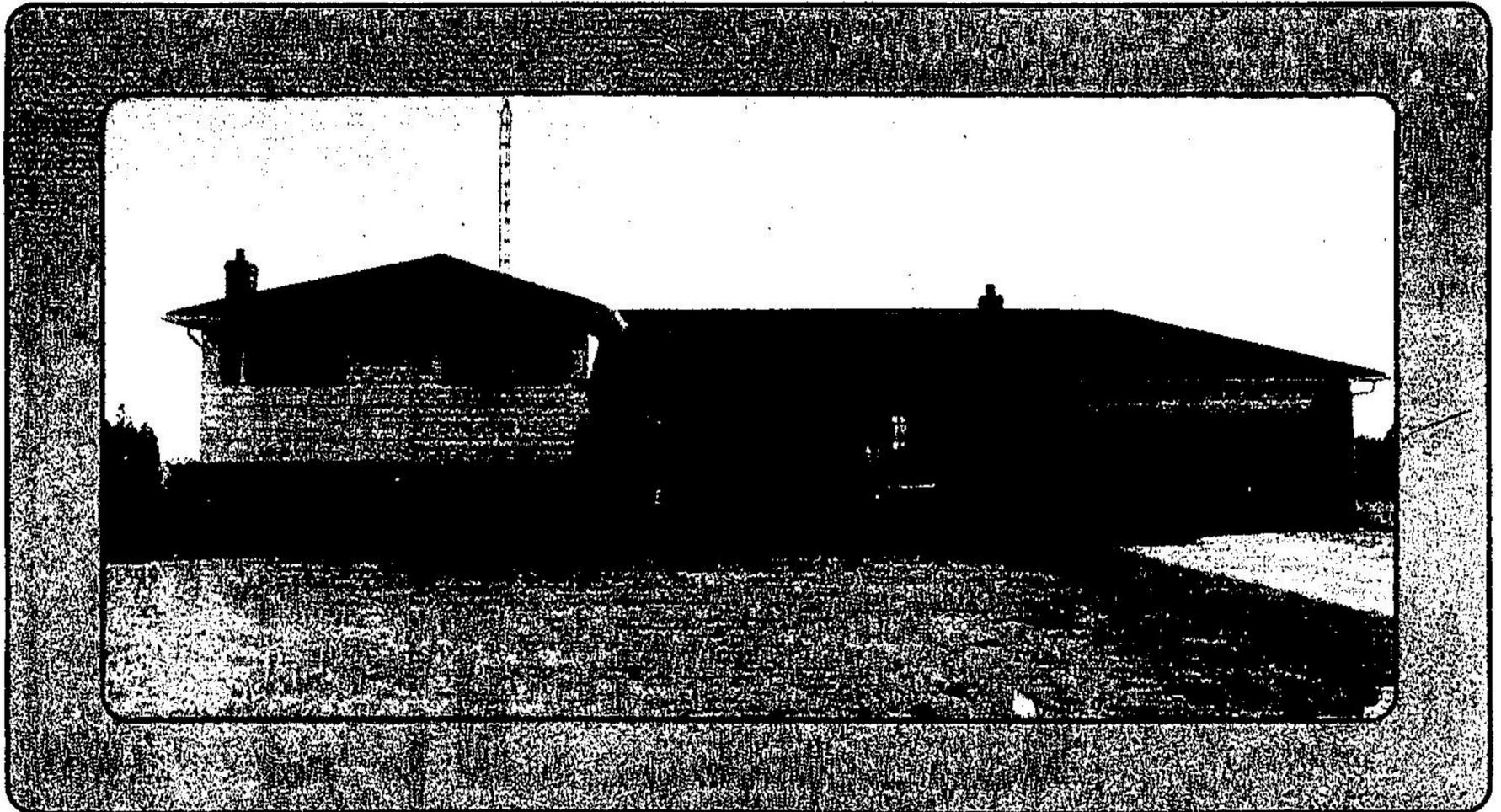


Real Estate MARKETPLACE

Wednesday, February 28, 1979



feature home of the week

"ROOMY ENTRANCE"

Come and see and you will agree that this immaculate 3 bedroom side split is what you have been looking for. Roomy entrance foyer, bay window in living room and yes, it has a dining room. Powder room on the main

floor, kidproof barnboard finished recreation room and schools, transportation, shopping plaza are within walking distance. Call Stephen P. Saxe Limited, Realtor. Ask for Robin Fischer, Sales Representative.

MONEY MONTHLY

in praise of
modern mortgages

(Part I)



Leonard Rosenberg

So you think you've got it tough? The Christmas spree is over and your monthly bills have come back to haunt you. Courage. There's nothing quite like a history lesson to lend perspective to one's predicament. The next two Money Monthly columns you read are designed to make you smile.

A mortgage, as a wit once remarked, is that which makes the months seem shorter and the years seem longer. It is also a convenient word for describing one of those long-term commitments we would rather not face. We "mortgage" our future; our responsibilities weigh down upon us like a mortgage; and if you want to write something that will last forever, sign a mortgage.

In fact, few words in the English language (outside of our

common four-letter varieties) have suffered as much unfair metaphorical abuse over the years as the lowly mortgage. And the reason is definitely *not* because "mortgage" is two four-letter words joined together.

The word mortgage derives from the "gage" or pledge of land or chattel that was used to secure loans in the Saxon and early Norman periods. The first mention of the "gage" appears in William the Conqueror's Domesday Book. If the gagee-creditor retained the rents and profits from an estate to discharge a debt, the transaction was known as a "live" gage. If the gagee-debtor kept the income, it was known as a "dead" gage mortgage or mort-gage.

Though our word for mortgage may date from early English times, the concept itself originated long before. In fact, the recorded legal history of several great civilizations begins with elaborate regulation of credit. The rules which the ancients used to control credit and real estate, however, would strike our 20th century borrower as being rather one-sided, to say the least.

For example, in the period 500 to 200 B.C. in Attica, marking stones called "horoi" were used to designate the ownership of real property. Usually the stones were marked with the name of the creditor, and the penalty to the borrowers for tampering with them was severe. You can imagine how the Department of

Consumer and Corporate Affairs would react today if your local mortgage lender placed stone markers around your front lawn, bearing the inscription "This is the property of the Friendly Family Mortgage and Loan Inc." and threatening you with the loss of your wife and left foot for displacing them.

Public loans used to secure real estate in ancient Greece were usually due after five years, and were not paid off in regular amounts. A borrower was expected to pay off principal and interest in one lump sum at the end of a set period—a requirement which resulted in a very high default rate. Such loans were usually secured by expensive pledges, and the security sometimes took strange forms. The city of Cyme pledged her public colonnades, and when the city defaulted, her citizens could not use the shelters to get out of the sun or rain.

Perhaps the oddest collateral in history was that used in the middle ages by Baldwin II, King of Jerusalem. Pressed for money, he borrowed on his beard. Not such a bad idea, now that I think of it!

Leonard Rosenberg is the President of Greymac Mortgage Corporation, an Ontario-based financial firm specializing in mortgages. Write to him in care of this newspaper.

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