

Private Lending

Have you ever experienced lending your funds into mortgages secured on real estate? If you have not, you are missing a great investment vehicle that can provide significant returns with very little effort!

Get involved now as you can use those underperforming RRSPs and dead equity in your current real estate and make superior returns. We have been placing private funds into mortgages for over a decade and the overall consensus has been and still is extremely positive. Once you have experienced this type of investment, in particular the investment returns and the work and effort involved, you will not turn back. With today's real estate prices, it is so hard to find a building or real estate investment that provides satisfying cash returns. Many investors are redirecting their funds from other investment vehicles into real estate and or real estate related investment products.

When you are placing private money, the location and property type plays such a critical role in your investment security. We all know that investment properties can be very good solid investments, as the revenue from your tenant base actually pays down your debt and pays your fixed expenses. If you are lending to this type of real estate, you have the same sense of security. Indeed, Pro Funds Mortgages has specialized in such investment lending for many years. Our experience has shown very low default ratios. The borrowing clients are typically higher net worth individuals with good credit. Failure to cover the mortgage payments is generally less of a concern.

So. Why aren't more people doing this?

Certainly, many people do not know about it. Many others have not heard about it or are just skeptical based on other uniformed perspectives. Please note. I am NOT saying that there are NO risks. However, you can do a lot in your decision process to help mitigate that risk. If you are working with a credible mortgage brokerage, certain risk`s will be identified when you are presented with the mortgage opportunity. You should be provided with a property evaluation (i.e. appraisal, comparables, and letter of opinions from local realtors). The use of funds, the loan to value of this proposed mortgage and credit overview of the person that will personally guarantee the mortgage is also key information in determining if the loan is suited for you.

A key factor to keep in mind when working with a mortgage broker involves the associated fees that are being charged. Fees can vary widely. The current interest rates for private first mortgages are anywhere between 7% to 11%. Typical private lender fees and broker fees for these private first mortgages are each in the 2% range. Second mortgages are yielding interest rates in the 12% to 16% range with typically a similar fee structure. If the loan amount is less than \$50,000.00, you could look at private lender/ broker fees each in the range of 4% to 5%. The above fees reflect a "typical" general range which I have observed in the market. Please note that fees may be higher, especially when transactions become more complex or require an extraordinary amount of upfront work to set-up.

Your mortgage investment, be it RRSPS or personal cash will receive monthly payments and upon closing your lender fee. The borrower is responsible for your legal fees. The associated costs to you the lender are virtually nil. The only costs may be an administration fee if your funds are in a plan for RRSP`S and potentially your own due diligence costs.

If you are looking for a safe environment, yet want to obtain more than the 1% or 2% return that the banks are offering, consider mortgage lending. If you would like to understand more about this investment direction and discuss it in more detail, I welcome you to contact Pro Funds Mortgages. Our extensive private lending experience and know how can help you achieve financial success. For further details and specific information, visit our website **www.profunds.ca** or contact our office at **1.888.330.3866**.

Carmen Campagnaro

President

Pro Funds Mortgages