

Pro Funds Mortgages, Valour Capital and the Security of Mortgage Investing

Many investors have recently been introduced to the desirable investment vehicle of private mortgage investing. Despite its recent climb in popularity, *mortgage investing has been in existence for decades*. The general public was led to believe for years that this form of investing was only available to wealthy and sophisticated investors, however that is not the case. The utilization of syndicated mortgages- a mortgage where a group of investors contribute to the total mortgage amount (as opposed to one individual lending the entire amount)- has allowed people at all financial stages (whether they are just starting out or retiring) to participate in this investment vehicle. As an investor, you should understand **that choosing the appropriate company to work with to assist in deploying your capital is critical to your success**. Recently, the mortgage realm has been taken by storm with an inundation of new companies offering mortgage investment products. Unfortunately some of these mortgage providers have tarnished the industry with a negative stigma when in reality mortgage investing is extremely lucrative and secure when structured and facilitated correctly.

Not all companies are alike. Not all syndicated mortgages are the same!

Pro Funds Mortgages

Pro Funds Mortgages is a boutique business in the industry that provides mortgage services in residential, multi residential, commercial, construction and development properties with both institutional bank lenders and private lenders. Pro Funds works hard to guide clients towards the best-suited investment vehicle based on their specific needs and financial objectives, which can include active investments in real estate, passive investments in mortgages or a combination of both.

Pro Funds Mortgages has a highly successful track record of facilitating private mortgage investments. Investors are able to leverage existing equity in their home, cash, or registered funds to participate in these investments. A mortgage investment offers security to the investor because all invested funds are registered as a mortgage by a lawyer on title of the property. The real estate is your collateral and therefore, it can be sold to realize on your investment in the case of a default. **As an investor, it is important to understand that the loan to value ratio on a property is a critical factor in determining the level of security on an investment**. Loan to value represents the ratio of debt registered on the property in comparison to the value of the property (Loan to value= total debt / total real estate value). If the property you are investing in is over-leveraged, or over 100% loan to value, than you as investor may be in a challenged situation to recoup your full investment if a default occurs. The loan to value should be at a maximum, 90% or under in order to protect your investment. As a general rule, the lower the loan to value, the greater your security is because there is a larger “buffer” of equity behind your debt to protect your investment.

The mortgage investment offerings at Pro Funds are a combination of Individual Mortgages and Project Mortgages. Individual Mortgages are typically a first or second mortgage that can be a registered mortgage for a single borrower on a single-family home, condominium, apartment building or commercial building. Total returns typically range between 7-14% per year, and are 1- 2 years in duration.

Project Mortgages on the other hand, are construction and development mortgage investments that range between 12-16% per year and are 1-3 years in duration. **Please note that our returns are fixed**, meaning that interest and lender bonuses are not contingent on success of a project or the attainment of a certain profit threshold, they are contractual rates of return. These investments are more complex and therefore require intensive expertise and knowledge to facilitate. If handled and assessed professionally, they can be a very safe and lucrative investment placement.

Valour Capital

Noticing the need for project evaluation and due diligence, Pro Funds proudly launched its sister company Valour Capital, in 2013. Valour Capital specializes in sourcing, capitalizing and managing real estate projects to generate effective investment returns for our investor partners. In conjunction with Pro Funds, they've done exactly that. The experience of Valour's team in the areas of real estate, business operations and development has enabled the company to offer its investors a comprehensive due diligence model and a syndicated mortgage investment opportunity. Valour has created the opportunity for investors of all skill level, experience and portfolio size to invest in high quality construction and development projects.

A major component of Valour's thorough due diligence process requires a qualified in house team to evaluate the proposed development from a feasibility standpoint. Most importantly, the team validates valuations of the real estate development. It is very important to have a completed appraisal report to verify property values on an "as is" (the value of the land today) and "on complete" basis for all development proposals. Ensuring a conservative and realistic property valuation by a third party, certified appraiser is a necessity when determining project feasibility, profitability, and accurate loan to value ratios.

Once the due diligence process has been completed and a real estate proposal has been approved, Valour Capital will work up a real estate development/management plan known as a Mortgage Investment Offering (MIO). The MIO is a comprehensive investment package created specifically for investors. This report will cover the full outline of a project so that investors can make an informed decision on their investment. The Valour Capital team works diligently to provide secure investment placements for investors with full transparency and access to all third party reports.

Another key feature of Valour`s approach is its in-depth involvement throughout the execution of a project. Valour Management Inc. will contribute as a value added partner to help builders/developers achieve the successful completion of a project. A component of this partnership entails closely monitoring the progression of each project throughout a development timeline. Valour Capital will perform regular site inspections to verify work has been completed on the subject project, and will manage the release of funds to the builder and trades as required. This allows for heightened control of where and when money is released to the development, and therefore maintains the loan to value ratio within a desired range. Valour and Pro Funds also play a large role in the design, marketing, sales, and/or lease-up of investment projects which provides an additional layer of comfort to investors knowing that both companies are driving the projects forward up to and including the deemed exit. It has become very apparent that having a regular and active role throughout a development project has mitigated risk for investors and has allowed for an expedited project completion for our builder partners.

Another important factor to consider with respect to development projects, is that Pro Funds does not rely on a vast distribution channel of referral agents in order to fund our investments. This is beneficial to the builder and the investor because by mitigating substantial referral agent fees, the project does not have to incur large upfront costs and the investor can receive the full and fair market return, as opposed to splitting the investor`s return with referral agents and therefore reducing the investor`s return in the project. There are times when Pro Funds Mortgages works with and compensates a small number of referral agents, but these fees are actually supplied out of compensation that is paid to Pro Funds. By reducing Pro Funds` fees instead of adding additional referral fees to the project, we can ensure that we are not over leveraging the real estate asset and therefore can provide a more secure environment for the investors and the builder.

It is apparent that a well-organized and effective system is required to screen, fund and monitor mortgage investments in order to achieve success- the partnership between Valour Capital and Pro Funds has provided that system.

Therefore, before you make a decision to invest, do your own due diligence on who you decide to work with. Mortgage investing has been a great investment vehicle for decades and continues to be a brilliant avenue for individuals to earn high yielding returns with security on real estate. This is much more secure than so many other investment vehicles on the market today. Find a company to work with that cares about you as an investor, and works with those best interests in mind.

Sincerely,

Jordan Campagnaro

Director of Investment Operations