FAQs About Investing in Private Mortgages

Presented by

CMI Mortgage Investments

Overview

We've designed our comprehensive guide on private mortgage investing to address the most frequently asked questions by new and seasoned mortgage investors. Our extensive resource aims to provide detailed insights by giving you detailed answers to better understand the intricate world of private mortgages and MIC funds.

Our experienced mortgage investment team wants to support you in your investment journey and give you the confidence to make wise investment choices based on your needs and goals.

Here's what you can expect from this guide:

Understanding Private Mortgage Investing: Our first section dives deep into the basics of private mortgage investing. Whether you're just starting out or looking to refine your investment strategy, you'll find essential information on how private mortgages work, their benefits, and the risks involved.

Exploring MIC Funds: In section two, we explore Mortgage Investment Corporations (MIC) funds, detailing how they operate and their unique opportunities. This section is valuable for investors who are looking to enhance their portfolios with diversified, professionally managed investments. Learn about how to invest in real estate-backed investments without direct management responsibilities.

Understanding Whole Private Mortgages: Section three delves into the specifics of whole private mortgages. This segment is essential for investors interested in directly funding entire mortgage loans, which allows them to maintain control over their investment while potentially yielding higher returns.

Navigating Your Investment with CMI: We also introduce you to CMI's pivotal role in the mortgage investment landscape. With years of expertise and a robust track record, CMI not only simplifies the investment process but also enhances the security and profitability of your investments. Learn about why CMI is one of the leading firms in the industry and how we manage and optimize mortgage funds, helping our investors meet their financial goals.

By the end of this guide, you will have a clearer understanding of how private mortgage investments can fit into your overall investment strategy, supported by the expert guidance and services provided by CMI.

Whether you're an entrepreneur aiming to expand your wealth for further business ventures, or an experienced investor focused on building a robust financial legacy, this guide will support you in becoming a private lender in Canada.

Private Mortgage Investing Essentials

What is private mortgage investing?

Private mortgage investing involves individuals or private companies lending money backed by real estate as an alternative to mortgage financing from banks or other traditional lenders. Due to Canada's strict lending guidelines, these loans are typically given to borrowers who may not qualify for conventional mortgages. Borrowers may also apply for a private mortgage if they need faster financing than traditional banks can provide.

What are some of the benefits of becoming a private lender in Canada?

Higher Potential Returns: Private mortgages often carry higher interest rates than traditional bank mortgages, resulting in potentially higher returns for investors.

Asset-Backed Investment: Since the loans are backed by real estate, a tangible asset supports the investment, helping to provide enhanced security.

Diversification: Adding private mortgages to an investment portfolio can diversify risks, particularly as these investments behave differently than more traditional investments, such as stocks and bonds.

More Control: Investors can choose specific markets, properties or loan types, giving you more control over your investment portfolio.

What rates of return can I expect when investing in private mortgages?

The rates of return on private mortgage investments can vary significantly based on several factors: the risk profile of the loan, the credit score of the borrower, the security position of the loan, the loan-to-value (LTV), and the underlying property type and location.

Targeted annual rates of return range from 6 – 16% when becoming a lender with CMI.

How does mortgage investing differ from traditional investing?

Mortgage investments are classified as alternative investments, which means their returns aren't correlated with the volatile stock and other publicly traded markets. They offer investors several key benefits, including:

Diversification: Mortgage investments are a way to diversify your fixed-income portfolio with investments that often produce higher yields than bonds and many other traditional fixed-income securities.

Personalization: Mortgage investment products vary widely in their risk profile and yield. Their diverse nature translates into more options for investors looking for a specific risk level, property location or type, or yield.

Target Yields: At CMI, mortgage investment solutions target a specific annual yield, creating a predictable income stream from your principal investment. CMI does not offer variable-rate mortgages.

Backed by Collateral Real Estate: Our mortgage investments are backed by collateral real estate security. CMI Mortgage Services, our mortgage administration team, handles all administration and risk management functions so you have a hassle-free mortgage investing experience.

What is the difference between MICs and individual mortgage investments?

CMI Mortgage Investments is our individual, whole mortgage investment program for accredited high-net-worth investors looking to fund an entire mortgage (or mortgages). Individual mortgage investments are tied to a specific investor or investor group.

MIC funds, on the other hand, are a diversified, professionally managed portfolio solution that pools multiple mortgages into a single investment fund. Investors' capital is pooled in a fund with numerous similar mortgages. Due to the inherent asset diversification with these funds, they are a lower-risk option than investing in a whole mortgage investment.

Our unique mortgage matching process at CMI Mortgage Investments lets us personalize each investment opportunity to suit the investor's objectives. We thoroughly examine your investment preferences to ensure we match you with the suitable mortgage investment for your goals.

Who is private mortgage investing suitable for?

Due to its unique risk and return profile, private mortgage investing is typically suitable for a specific type of investor—usually an individual with more capital.

You may find private mortgage investing more appealing if the following applies to you:

- You meet a certain income or net worth criteria—you must be an accredited investor if you choose to invest with our whole mortgage program
- You have experience in real estate or other direct investments and/or an understanding of real estate markets and lending practices
- You have at least a moderate risk tolerance
- You're searching for investment opportunities that potentially yield better returns than traditional fixed-income investments
- You're prepared to have your capital invested in this alternative investment for the entirety of the term (or for at least 12 months in the case of a MIC fund)
- You have a keen interest in real estate but aren't interested in directly owning or managing properties

How can I qualify as an accredited investor?

Whole mortgage investing is restricted to individuals with accredited investor status. In Canada, accredited investor status is a legally defined category. For individuals, it focuses heavily on financial criteria.

Generally, to qualify as an accredited investor, an individual must have an annual income exceeding $200,000 individually or $300,000 combined with a spouse for two consecutive years, expecting to meet or exceed that in the current year. Alternatively, an individual can qualify by having over $5 million in net assets or $1 million in financial assets (either alone or with a spouse).

Can I use registered funds for my mortgage investment?

Registered funds are eligible for our mortgage investments, provided your investment is through a trust that allows you to invest in mortgages. Under the Canada Income Tax Act, MIC investments can be held within a registered portfolio such as an RRSP, RESP, LIF, RRIF, LIRA, RDSP, IPP (individual pension plan), DPSP or TFSA.

CMI uses Olympia Trust Company if you don't already have a trustee set up. If you already have an existing trustee, you must transfer your funds to Olympia Trust.

What happens if my mortgage defaults?

If the borrower defaults on their mortgage, our dedicated enforcement team will make every effort to achieve a satisfactory resolution or initiate legal action if necessary. In most cases, there is enough equity in the property for the investor to receive back their principal and any accrued interest.

What are the typical risks associated with private mortgage investing?

Investing in private mortgages involves several risks that require careful consideration and management.

One significant risk is **credit risk**, where the borrower may default on the loan, leading to potential financial losses for investors. **Property value risk** is another concern. If the value of the secured property declines, it may not fully cover the loan amount in the event of a foreclosure.

Liquidity risk also exists. It's not easy to sell or liquidate private mortgages, which can pose problems if investors need to access cash quickly. Furthermore, **regulatory risk** is an essential consideration as regulation changes or legal frameworks could impact the terms and profitability of private mortgages.

Lastly, **market risk** needs to be addressed, as economic downturns or changes in the real estate market can adversely affect property values and, consequently, the value of the underlying real estate collateral. Managing these risks effectively is essential for maintaining the viability and profitability of investments in the private mortgage sector.

How can investors mitigate risks in private mortgage investing?

We've discussed the inherent risks of private mortgage investments, but how do you mitigate them effectively?

Investors can significantly reduce the risks of private mortgage investing by partnering with a reputable, trusted firm such as CMI. With CMI as your investment partner, you'll have access to various benefits that will help alleviate some of the risks associated with private mortgage investing.

- Experience with assessing risk, selecting borrowers, and managing loans
- Deep understanding of market dynamics and regulatory requirements
- Rigorous due diligence process to determine each potential borrower and property, helping to ensure the investment is sound
- Access to mortgage investment opportunities that are geographically diversified across key Canadian real estate markets
- Professional risk assessment tools and methodologies
- Aligned with all legal and regulatory requirements
- Active loan administration by a professional team, including managing payments, handling borrower correspondence, and monitoring property conditions
- Hassle-free remedial management if repayment or other issues arise

MIC Funds

What is a MIC, and how does it work?

A Mortgage Investment Corporation (MIC) fund is an alternative investment and lending entity giving investors direct access to Canada's mortgage market and indirect access to real estate.

MIC funds operate as a flow-through investment vehicle, pooling investor capital to fund a diverse portfolio of primarily short-term residential mortgages. This structure allows investors to partake in the mortgage lending market without the direct burden of owning and managing property.

The unique value of this type of investment option is the consistent returns to investors generated from the borrowers' interest payments. A MIC fund is designed to distribute 100% of its net income back to its shareholders, ensuring that investors can benefit directly from the performance of the mortgage portfolio.

This setup provides a steady income stream and diversifies investors' portfolios through exposure to various mortgage types with distinct attributes and characteristics.

How long have MICs been around?

MIC funds were established in 1973 under the Residential Mortgage Financing Act (RMFA) as a legislative response to anticipated housing shortages in Canada, which analysts believe was due to inadequate access to mortgage financing.

Parliament introduced MICs to bridge this gap, facilitating an increase in mortgage funding mainly aimed at supporting the construction of new homes to cater to the needs of a growing economy. MICs enabled smaller investors to contribute to this sector by pooling their resources from registered plans like RRSPs, non-registered investments, and pension funds.

While MIC funds have been available since the early 1970s, they only began to rise in popularity during the 1990s. This shift occurred as traditional fixed-term deposits offered less than 6% returns, prompting investors to seek higher-yielding alternatives. As a result, many turned to MICs, willing to embrace higher risks in pursuit of more attractive investment returns.

This trend marked a significant shift in investor behaviour, highlighting MICs as a viable and increasingly popular investment vehicle in the Canadian mortgage market.

What should I look for when selecting a MIC provider?

When selecting MIC funds, investors should carefully evaluate several critical factors to ensure they make a sound investment. It's essential to choose MIC providers with robust asset management practices, a proven track record of performance, and effective risk management strategies.

What makes MICs an attractive investment?

There are several reasons investors should consider investing in MIC funds:

Attractive Return Potential
With an active investment management philosophy and an emphasis on capital preservation, MIC funds can deliver attractive returns to investors looking for alternatives to traditional fixed-income products.

Low Correlation to Stock Market Volatility
Mortgage investments aren't correlated to market ups and downs; therefore, they may be suitable for investors looking for investments that operate independently of publicly traded markets.

Backed by Real Assets
MIC investments are backed by collateralized real estate to boost capital preservation strategies.

Comprehensive Due Diligence Process
If you invest with CMI, you will benefit from our active investment management philosophy, which emphasizes prudent lending and capital preservation strategies. Our rigorous mortgage underwriting and management program has resulted in the MIC managers' loan loss rate of less than 1%.

Registered Plan Eligible
You can invest in MIC funds within tax-sheltered plans such as RRSPs, RESP, RDSPs, RRIFs, etc.

Diversification
The MIC Funds hold a pool of diversified residential mortgages across factors such as geography, mortgage and borrower type, and investor profile.

What is the difference between MIC funds and traditional investments?

Unlike traditional stocks and fixed-income securities, MIC funds are an alternative asset class.

Alternative assets correlate less to the larger public market than stocks, bonds, and cash. As a result, MIC funds offer investors a way to diversify your portfolio with income-generating assets that aren't subject to the same market fluctuations.

How does investing in MIC funds differ from investing directly in real estate?

When you invest in a MIC fund, you're investing in a portfolio of mortgages rather than directly purchasing a single property or several properties. Investing in MIC funds can offer greater diversification than a direct real estate investment since the investment is spread out over several mortgage assets, each backed by collateral real estate security.

Are CMI MIC funds guaranteed?

No, similar to many other higher-yield investment options, MIC funds are not guaranteed. However, CMI's rigorous due diligence process helps to reduce risk.

Our experienced underwriters evaluate each mortgage to determine its risk carefully, and we ensure that no mortgage makes up more than 10% of each MIC fund. Each mortgage within our MICs is monitored throughout its duration, ensuring these assets remain in good standing
.
Our stringent internal regulations have resulted in a loan loss rate of less than 1%. In addition, each mortgage is backed by collateralized real estate, further mitigating risk.

Does CMI MIC Funds make provisions for loan losses?

Our lifetime loan loss rate is exceptionally low—less than half a percent. Although loan losses are rare, we take monthly provisions to cover any possible losses.

The amount of the loss provision is stress-tested by the accounting firm KPMG in a rigorous annual audit. Their model considers all possible factors that could lead to loan losses and tests to ensure CMI can cover losses under any or all of these scenarios.

Do loan losses impact fund distributions?

While losses are rare, each of our MIC funds' target yields builds in expectations for losses to ensure no impact on monthly distributions to investors. We have an exemplary track record of performance against return targets and distributions.

How much capital do I need to start investing?

Investors looking to purchase MIC shares need at least $5,000 to invest. MIC Funds allow investors to access the mortgage investment market with far less capital than investing directly in individual mortgage investments.

How often are my interest payments paid out?

For non-registered funds, funds are distributed monthly via direct deposit to a designated account. For registered funds, we direct monthly distributions to the appropriate trustee. Investors can reinvest your monthly income through our dividend reinvestment program (DRIP).

How can investors assess the performance of a MIC fund?

Investors can assess a MIC fund's performance by reviewing its return on investment, dividend yield, and growth in asset value. Analyzing the fund's historical performance data, portfolio diversification, and risk management strategies is crucial.

When working with a firm like CMI, investors benefit from an entire support team that provides regular updates and insights into the fund's performance and market conditions. This lets you track your investments and make informed investment decisions.

What makes CMI MIC Funds different from other MIC funds on the market?

CMI fully services the mortgage assets we present to investors in our MICs, with a rigorous due diligence process to manage risk for investors effectively.

While MIC funds at other mortgage investment firms tend to be various mortgages, CMI has three distinct MIC funds. Each fund has its own risk profile, defined by the average LTV ratio for the fund and the corresponding yields for each. This gives our investors more control over choosing the fund that best suits your investor profile.

What is CMI's part in the MIC fund transaction?

CMI plays a central role in managing and operating its Mortgage Investment Corporations (MICs), offering a streamlined approach to private mortgage investing in Canada. CMI manages, operates, and owns its three MIC funds, providing a unique opportunity for investors to purchase shares in these specialized investment vehicles.

CMI is responsible for servicing all mortgages included in the MICs. Our knowledgeable team ensures we strategically place each mortgage opportunity in the appropriate fund based on its specific risk and return profile.

Is CMI to recommend a MIC fund based on my investor information?

Yes. After you complete your Know Your Client (KYC) form, we'll clearly understand your investor profile and specific investment objectives. This information allows us to recommend the most suitable option from our three MIC funds that best aligns with your needs and goals.

Are CMI MIC Funds a good option for short-term investments?

CMI MIC funds are an excellent investment option for investors considering short-term investments. With an average investment term of just one year, you enjoy the flexibility of redeeming your shares without penalty after 12 months, provided you give 30 days' notice.

We process redemptions quarterly for the convenience of our investors. CMI MIC funds are an attractive option for those seeking both short-term accessibility and investment growth opportunities.

What is the difference between the three CMI MIC Funds?

Each of our MIC funds targets different annual returns and loan-to-value (LTV) ratios, thus appealing to different types of investors. All three funds consist primarily of residential mortgages but vary in the kind of mortgage assets contained within each fund.

CMI MIC Prime Mortgage Fund

- Targets annual returns of 6 – 7%
- It has an average maximum LTV ratio of 65%
- Consists of primarily first mortgages

CMI MIC Balanced Mortgage Fund

- Targets annual returns of 8 – 9%
- It has an average maximum LTV ratio of 75%
- Consists of a mix of first and second mortgages

CMI MIC High Yield Opportunity Fund

- Targets annual returns of 10 – 11%
- It has an average maximum LTV ratio of 85%
- Consists primarily of second mortgages

What do Mortgage Investment Corporations invest in?

Section 130.1 of the Income Tax Act governs all MICs, outlining specific rules regarding their investment mix and borrowing limits. These are some of the primary investment rules we follow with our MIC funds:

- 50% of investments must be in residential mortgages as defined by the National Housing Act, together with cash on hand or deposits with a bank or other corporation whose deposits are insured by the Canada Deposit Insurance Corporation, Quebec Deposit Insurance Board or with a credit union.
- The cost of a single property may be at most 25% of all of the properties in the MIC.
- MICs may only lend funds backed by Canadian real estate and cannot own properties outside the country.
- They cannot acquire or own shares of non-resident corporations.
- MIC funds may not act as real estate developers or property managers.
- At least 20 shareholders must be in the fund, and no one shareholder may own 25% or more of the issued shares.
- A MIC can leverage up to five times the cost of its assets if two-thirds of its assets are in residential mortgages and insured bank deposits.

How long is the duration of the investment?

Our MIC products have no specific maximum duration; they don't mature or end after a fixed period. However, the minimum term is 12 months.

How are the dividends for each fund calculated?

The dividends of each fund are determined by the interest and fees paid by each borrower and, in turn, collected by the fund. Both are influenced by the borrower's risk profile and the type and amount of their mortgage, among other elements.

How are funds exchanged for shares in the MIC?

Shares are proportionate to the principal investment amount. That means for every dollar invested in the MIC, the investor receives a $1 preferred share. Each share entitles the investor to a share of the MIC fund's total yield.

Can I switch between different MIC funds?

Investors can switch between funds at any time. Unlike redemptions, we permit investors to switch funds within the first 12 months of the investment period.

The switch process involves completing a redemption of shares in the fund the investor wishes to divest and using the proceeds to purchase shares in the destination fund. There are no fees or tax implications involved in switching between funds.

Can I switch between different MIC funds?

Each fund's risk profile determines the targeted annual return based on the security position and loan-to-value of the underlying mortgages. Here's a breakdown of the rates of returns for our three different MIC funds:

- The Prime Fund is our most conservative fund. It targets an annual return of 6 – 7% by investing primarily in first mortgages with a maximum weighted loan-to-value of 65%.
- The Balanced Fund invests in a mix of first and second mortgages with a maximum weighted LTV of 75%. It targets an annual Return of 8 – 9%.
- The High Yield Opportunity Fund is more aggressive. It targets an annual return of 10 – 11% by investing primarily in second mortgages with a maximum weighted LTV of 85%.

CMI has an exemplary track record of performance against return targets and seamless distributions.

What is the Loan-to-Value (LTV) ratio target for each MIC fund?

The weighted average loan-to-value ratio for the CMI MIC Prime Mortgage Fund is 65%, while the CMI MIC Balanced Mortgage Fund's weighted loan-to-value ratio is 75%. The CMI MIC High Yield Opportunity Fund has an average LTV ratio of 85%.

Contact us to learn more about our risk mitigation strategies and how you can invest in mortgages across Canada through our suite of CMI MIC Funds.

What is a DRIP program?

A DRIP program is a Dividend Reinvestment Program. It automatically reinvests the dividends from a pooled investment product like our MICs back into the fund. This process increases the principal amount of your investment, thereby compounding your returns.

All CMI MIC Funds have DRIP programs for investors who want to take advantage of this investment strategy.

What are the tax implications of investing in MIC funds?

Investing in MIC funds carries specific tax implications that are important for you to understand before choosing this investment option:

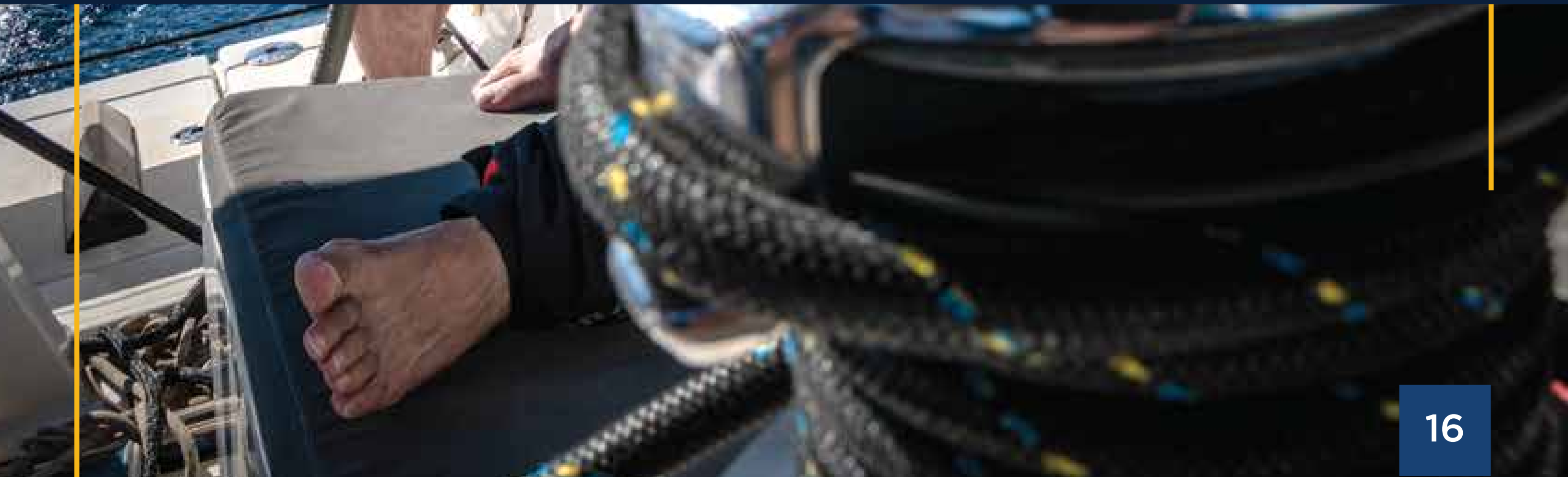
Taxation of Dividends
MICs must distribute at least 100% of their taxable income annually to their shareholders. It's typical for dividends from MICs to be taxed as interest income in the hands of investors. This means you'll be taxed at your marginal tax rate on any income from your MIC investment. Generally, this is higher than the rate for Canadian dividends or capital gains.

Tax Efficiency in Registered Accounts
One of the benefits of MICs is that you can hold them in registered accounts like RRSPs, TFSAs, RESPs, and RRIFs. When you hold MIC shares in these accounts, the interest income is sheltered from taxes until you withdraw the money (in the case of RRSPs and RRIFs) or is entirely tax-free (in the case of TFSAs and RESPs).

No Capital Gains
Since CMI distributes MIC fund returns as interest income, there are generally no capital gains to be reported. This distinguishes MIC investments from traditional equity investments, where capital gains can offer a tax advantage due to their favourable tax treatment.

Deduction of Investment Expenses
You can usually deduct these for tax purposes if you incur expenses to earn investment income from MICs, such as investment advice fees. However, this does not apply to fees for investing in a TFSA or other registered accounts where income is tax-sheltered.

Whole Mortgage Investments



What is a whole mortgage investment?

A whole mortgage investment is an alternative investment where an individual or institutional investor funds an entire mortgage loan individually rather than splitting the lending with other investors. This form of investment allows the investor to own the mortgage outright, meaning they hold a single mortgage note and are responsible for all aspects of the loan.

This type of investment can offer higher returns than pooled mortgage investments due to the direct nature of the loan and potentially higher interest rates negotiated between the lender and borrower. However, it also involves higher risk, as the investor is fully exposed to the borrower's credit risk and market risks associated with the property itself.

Are my mortgage investments guaranteed?

Similar to other higher-return investment options, your mortgage investment is not guaranteed. However, our rigorous qualification and underwriting process helps protect your funds. Additionally, all CMI mortgage investment opportunities are backed by collateral real estate.

In the unlikely event the borrower defaults on their mortgage, our servicing team at CMI Mortgage Services manages the entire resolution process.

What information do I need to get started?

To start investing with us, complete a Know Your Client (KYC) form and provide the appropriate identification. The KYC form provides us with details about your financial situation and investment objectives so we can present you with the most suitable investment opportunities.

We also ask for a void cheque for your bank account details, which we will use to deposit your interest payments. We'll need your Articles of Incorporation and/or Trust documentation for corporate trust accounts. On closing the deal, you must sign an identification form, which we will provide to the lawyer.

How much capital do I need to start investing?

Our mortgage investment program has no specific minimum investment amount. However, this mortgage investment type is best suited to higher net-worth investors with more liquid financial assets, anywhere from $500,000 – $1,000,000, who meet the Accredited Investor status.

How long will it take before you present me with a mortgage investment option?

Depending on your available capital and flexibility, it takes approximately 30 days to present you with an appropriate investment match. In some cases, this can occur sooner.

The frequency with which we present investment options to you will depend on how much our available pool of mortgage assets matches your investor profile and investment objectives. Based on the information you provide and your ongoing discussions with your personal CMI advisor, we are committed to supporting you with tailored solutions that align with your unique needs and goals.

How will CMI decide what investments to present to me?

CMI collaborates with over 7,000 independent mortgage brokers nationwide, who bring mortgage deals to our attention. Our underwriting team partners with these brokers, applying our rigorous due diligence process to comprehensively assess each borrower's financial circumstances.

Following this, our unique Mortgage Matching Process utilizes the information from your completed KYC form to connect you with mortgage investments specifically suited to meet your investment goals and risk preferences. This tailored approach ensures that the mortgage investments we suggest are optimized to meet your needs.

To ensure we present you with the most suitable investment opportunities, you should keep your Investment Manager informed of any changes in your financial situation, investment capital, risk tolerance, or return expectations. If we propose a mortgage investment that does not seem like a good fit, please inform us so we can adjust your profile accordingly.

Can I make monthly contributions to CMI's mortgage investments program?

No, you can't contribute monthly to the CMI Mortgage Investments Program. Investors are required to fund the entire mortgage transaction upfront so that we can advance these funds to the borrower.

How long is the term of my mortgage investment?

Our most popular mortgage term is 12 months, but we also offer bridge loans with terms as short as three months and longer mortgages extending up to two years. Typically, we provide credit at a fixed rate for up to 24 months. This approach allows us to adjust rates in response to changes in the financial landscape, ensuring our terms remain competitive and relevant to market conditions.

Can I withdraw my money before the mortgage's renewal date?

Your money is locked in for the duration of the investment. Our renewal department will recommend renewing the mortgage 60 days before maturity, at which time you can decide to renew your investment with us or cash it out.

Will I have partial ownership of the property?

The property title lists the investor as the mortgage holder; however, for all practical purposes, the borrower retains ownership of the property for the duration of the mortgage transaction, just like any other mortgage.

What rates of return can I expect from CMI's mortgage investment program?

Returns from our mortgage investment program range from 6–16%. Rates of return will vary based on your risk tolerance and investment objectives.

What determines the rate of return on my mortgage investment?

Mortgage investment yields are closely tied to the risk profile of the underlying mortgage asset. Factors like the type of borrower, the nature of the mortgage they seek, the property's location, and the loan amount influence the interest rate charged on the mortgage. Consequently, these factors also affect the returns you receive on your investment.

Additionally, broader economic forces, such as the prevailing interest rate environment, significantly shape your returns. Ultimately, the level of risk you are willing to accept directly determines the potential yields from your investment.

Is there an administration charge when CMI services my mortgage investments?

No, if you're a private lender, there's no charge for mortgage services. CMI Mortgage Services manages and safeguards every mortgage investment in-house from beginning to end at no additional cost to the investor(s). CMI maintains rigorous quality standards and due diligence, offering investors a passive, worry-free investment experience.

Who is responsible for the costs and/or fees associated with the mortgage closing?

The borrower is responsible for all closing costs and fees; the investor does not pay any of these costs.

Can I use my own lawyer to close the mortgage?

No. CMI partners with a network of top-tier lawyers nationwide to deliver expert legal services and insightful advice. We have streamlined processes designed to ensure smooth and timely discharges.

Opting for a lawyer outside our trusted network could lead to delays and create additional, unnecessary work—resulting in both time delays and increased costs. That's why CMI manages all discharges in-house, maintaining efficiency and control over every step to provide you with the best mortgage investing experience possible.

Does CMI allow investors to service their own mortgages?

No. At CMI, we have an experienced in-house team, CMI Mortgage Services, that fully services all mortgage investment products. This arrangement allows us to safeguard investors' funds through diligent daily monitoring and management. It also enables investors to grow their capital seamlessly without needing to manage their own mortgages.

By servicing mortgages in-house, CMI streamlines its operations to better align with and protect the needs and interests of our investors. We are dedicated to providing top-notch, personalized service and peace of mind.

How often are my interest payments paid out? What if the mortgage is pre-paid?

At CMI, we typically pay out Interest payments monthly; however, we also have many "pre-paid mortgages" where the interest is paid upfront to you for the term of your investment.

What happens if the house I've invested in burns down or is significantly damaged?

A fundamental requirement for every CMI mortgage is that the property has comprehensive home insurance. This ensures coverage against most potential losses, providing an essential layer of financial protection.

Do your mortgages come with title insurance?

Yes, each and every one of our mortgage assets comes with title insurance on the property.

Does CMI conduct quality control reviews during the mortgage term?

CMI's fulfillment and compliance teams conduct ongoing quality control reviews for the entirety of each mortgage. They ensure that all regulatory documentation is accurate and up-to-date and validate any additional compliance documents as needed. Our meticulous oversight guarantees that every aspect of the mortgage complies with the highest standards of regulatory requirements.

How does CMI handle missed/ late or NSF payments?

If a payment collection attempt is returned due to Non-Sufficient Funds (NSF), CMI will automatically retry the collection mid-month. Should the second attempt also return NSF, CMI's administration department promptly contacts the borrower(s) via telephone and email to arrange payment through direct deposit or e-transfer.

CMI actively manages all follow-up communications with the borrower, including phone calls, text messages, emails, and registered letters. We keep investors informed at every step of the resolution process, which may take anywhere from 48 hours to 20 business days.

Legal action may become necessary if the borrower fails to update the mortgage status.

What happens if a mortgage defaults?

In the unfortunate event that the borrower defaults on their mortgage, CMI's dedicated enforcement team will make every effort to resolve the situation or initiate legal action if necessary.

In most cases, the property has enough equity that the investor will get back their principal and any accrued interest. If a loss results from insufficient equity, CMI will work with any bankruptcy trustees or pursue a deficiency judgment, where appropriate, to attempt to recoup the outstanding balance on the investor's behalf.

What is CMI's renewal process? How is an investor made aware of a renewal request?

CMI manages all mortgage renewals in-house. You will receive a renewal reminder from your personal CMI advisor 60-90 days before the maturity date to both the originating mortgage broker and their client. CMI contacts the borrower 60 days prior to maturity to determine their future intentions and discuss potential renewal options.

Once we confirm a borrower's intention to renew, our renewal team assesses both current market conditions and repayment history to determine any renewal offers and the associated rate and fees. If the assessment supports a renewal recommendation, we contact the investor(s) to present an updated security package and secure investor consent.

Investing with CMI

What types of investment products does CMI offer?

CMI offers various options through our customized mortgage investment program and three separate MIC funds. All of our mortgage investment products are professionally managed, with residential mortgages being the underlying asset. Our investment products have a range of risk and return profiles, giving investors ultimate flexibility and choice.

What areas of Canada does CMI invest in?

CMI is one of the leading national lenders in Canada. As such, our mortgage investments originate from across Canada. Most of CMI's mortgage investment properties are in major urban cities in provinces like Ontario, Alberta, British Columbia, Manitoba, Quebec, and the Maritimes.

What types of mortgages can I invest in through CMI?

CMI deals solely in residential mortgages as they have a lower risk of default than commercial mortgages. Specializing in residential mortgages in Canada enables us to have a deep, comprehensive knowledge of this market.

We also conduct thorough, ongoing research on the macroeconomic influences affecting residential mortgages to foster a continuous level of expertise in this area.

How does CMI balance the needs and interests of borrowers and investors?

CMI skillfully balances borrowers' and investors' needs and interests through proactive communication, transparent practices, and meticulous mortgage management.

To ensure that borrowers receive manageable and sustainable financing options, CMI tailors financial solutions to fit individual circumstances. This helps prevent financial strain and potential defaults. This careful attention to borrowers' needs also serves investors, as it minimizes default risk and enhances the returns' stability.

CMI's commitment to rigorous due diligence before approving loans safeguards investors by ensuring that all investments are sound and secure. Transparency is critical in CMI's operations; borrowers are fully informed about their obligations and financial terms, and investors receive regular updates on the performance of their investments and any issues that might affect their returns.

In instances of payment difficulties, CMI proactively works with borrowers to find viable solutions, such as restructuring payments. Our approach aids borrowers in maintaining their financial stability and protects investors by preserving the value of the mortgage. Additionally, CMI's strict adherence to regulatory requirements ensures fair treatment of borrowers and safeguards investors' interests by complying with legal standards.

What makes CMI different from other mortgage investment firms?

At CMI, we're dedicated to offering our investors innovative, full-service mortgage investment products. Our team of award-winning mortgage professionals has enabled CMI to become a national leader in the mortgage lending industry, having successfully funded over $2.5 billion in mortgage investments to date.

While many of our competitors present their mortgage investment opportunities to investors as a simple list or bidding process, our investment matching is more of a placement process. We take the time to allocate mortgage assets to the right investors, curating the mortgage investments we present to you so you'll only see those that suit your investor profile and investment objectives.

What beacon score do you use when approving borrowers?

We've selected borrowers with an average beacon score of 600 or above for over six years. However, CMI does not evaluate borrowers exclusively on beacon scores, though it is an essential factor in determining whether the borrower meets CMI's rigorous underwriting standards for our mortgage portfolio.

Do I need to be located in Canada to purchase your mortgage investments?

Only Canadian residents are eligible to invest with CMI. However, we can serve investors who are temporarily out of the country. Using our digital fulfillment processes, we can assist investors in completing their mortgage investment transactions remotely.

What ongoing support and resources does CMI provide to investors?

In addition to the unique support for each of our product streams, whole mortgage investments and MIC funds, CMI provides all investors with general updates. You can find ongoing market commentary in our Weekly Market Monitor and Housing Affordability Watch!

Talk to a CMI Specialist Today

Our experienced Investment Account Managers are ready to help you start investing in our mortgage investment program. They can answer any remaining questions and assist in tailoring an investment profile that suits your needs. Start your mortgage investment journey with attractive returns and ongoing monthly cash flow.

Set up your custom investment profile now! >