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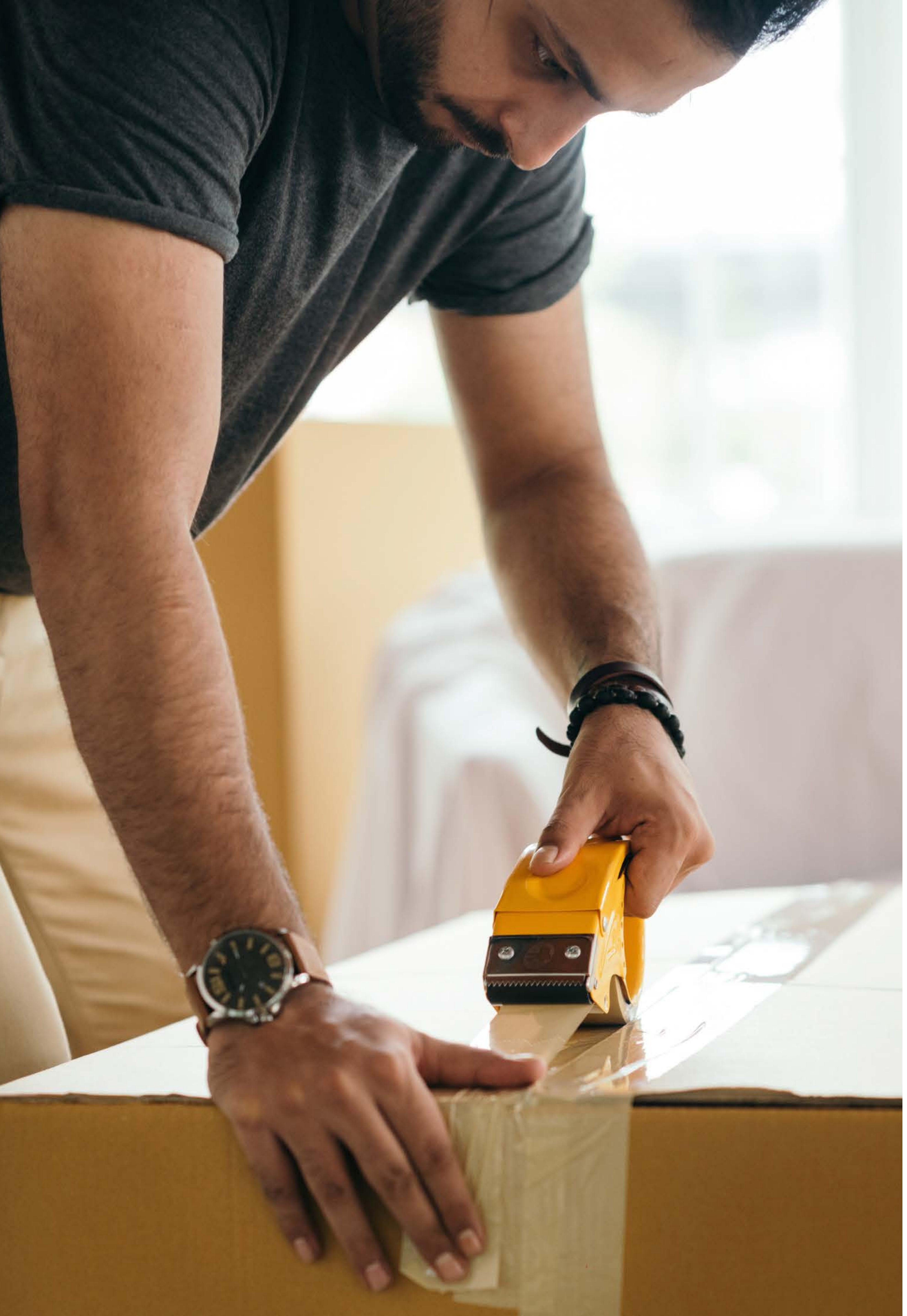
A Complete Guide to Help You Find the

Best Private Mortgage Lender

2021



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Introduction

The world of real estate can be a complicated one. The mortgage sector, in particular, is a vast playing field that encompasses many players and covers a broad scope of areas that involve both the potential lender and the active borrower. Like any sector, there is a maze of information to digest and questions to be answered. This metaphor holds for the potential borrower, where many problems can arise from different mortgage transactions, which include home purchases and mortgage refinancing.

These questions are pivotal to making the informed decisions necessary to secure a mortgage loan with the best possible terms. It is important to be equipped with the knowledge that there are many options in Ontario for potential borrowers that fall outside traditional lenders such as the big banks. Choices that make mortgage approval possible, despite financial obstacles that conventional lenders may not be able to overlook.

The often untapped sector of the mortgage market that provides an avenue to borrowing and lending outside large, government-regulated mortgage players is private lending. The burgeoning area of private lending has grown considerably in recent years, leading to well established and regulated private lending companies that help fill the void that big lenders have left open.

Private lending has attracted savvy investors who are willing to loan out money for different mortgage loans to borrowers that may not meet the strict criteria or pass the often highly restrictive mortgage stress test imposed by the big banks.

Private lenders look at criteria beyond credit scores and consider income, existing assets, and look to higher down payments when approving mortgages. Mortgage loans offered by private lenders will often be shorter in length with higher interest rates. However, mortgage approval remains possible by overlooking poor credit that the big banks will not.

A private lending brokerage will be able to negotiate mortgage terms for a borrower who may have poor credit or facing other financial roadblocks making traditional lending opportunities impossible. Some mortgage brokerages, such as Mortgage Broker Store, also act as private lenders. These kinds of brokerages can provide direct funding or act as a broker with another lender if it is in the borrower's best interest.

Private lending represents an avenue that will open up a viable route to mortgage approval when the banks have put up roadblocks on the journey to homeownership and home equity borrowing.

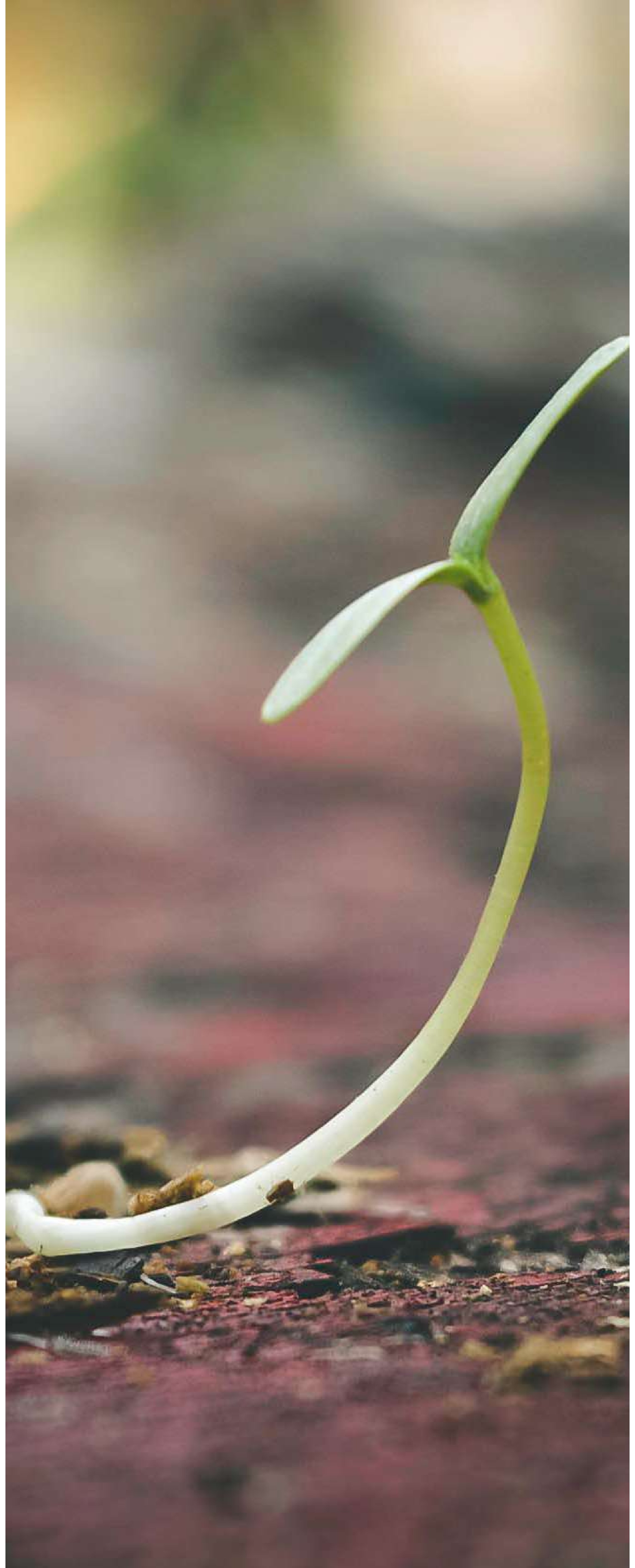
This guide will arm you with the necessary knowledge to utilize the private lending sector to achieve the goal of obtaining a first, second, third mortgage, or bridge loan when other options are not possible.

Understanding Private Loans

Before approaching a private lender, it is necessary to clear understanding of what a private loan represents and what exactly private lending is.

What is private lending?

Simply put, private lending is the process of lending money to a third party via different potential avenues. A private lender can lend out capital from different sources, including cash, Home Equity Line of Credit (HELOC's), RRSP's, RIFF's and TFSAs, for example.



Hard Money Lending

You may have heard the term hard money lending. This term is most often used in the United States when referring to lending out funds privately, rather than through a bank. In Canada, the term is not often used, but it essentially represents the same parameters as private lending of capital outside of the major banks. Private lenders will determine the mortgage terms just like a bank would and structure deals ranging from principal plus interest loans (most utilized by the big banks) and interest-only loans.

There remains great flexibility of terms negotiated in the realm of private lending and plenty of wiggle room to approve mortgage deals even with poor credit. A private lending brokerage will be able to negotiate mortgage terms for a borrower who may be facing other financial roadblocks making traditional lending opportunities impossible.

A private loan is a loan that is negotiated on terms that differ from traditional lenders. The biggest take away is that if you have poor credit, private loans have a wider scope of criteria that will be considered and greater flexibility in the mortgage terms that will be negotiated. Private loans also vary in length and tend to have overall shorter term lengths than what the big banks tend to negotiate.

It is also important to reiterate that the final interest rate negotiated on private loans will be higher than what traditional lenders will offer. The reason for the higher interest rates on private loans is based on the risk assessment of the loan. When a potential borrower presents with poor credit, the mortgage loan is deemed a higher risk loan, and the higher the risk, the higher the interest rate.

While a big bank will lend out the vast majority of low risk, longer-term, first mortgages on a given property, private lenders will lend out higher risk first mortgages and second and third mortgages that are deemed higher risk loans.

How Does a Private Mortgage Loan Work?

Private lending differs in various ways from how the major banks lend out mortgages. Private lenders are available to provide more flexible terms and bridge the lending gap that traditional lenders have left open when relying on such strict criteria. Issues like poor credit can be overlooked by private lenders as they look at other factors in determining mortgage approval.

Private lenders look at criteria beyond credit scores and rather take into consideration:

Income

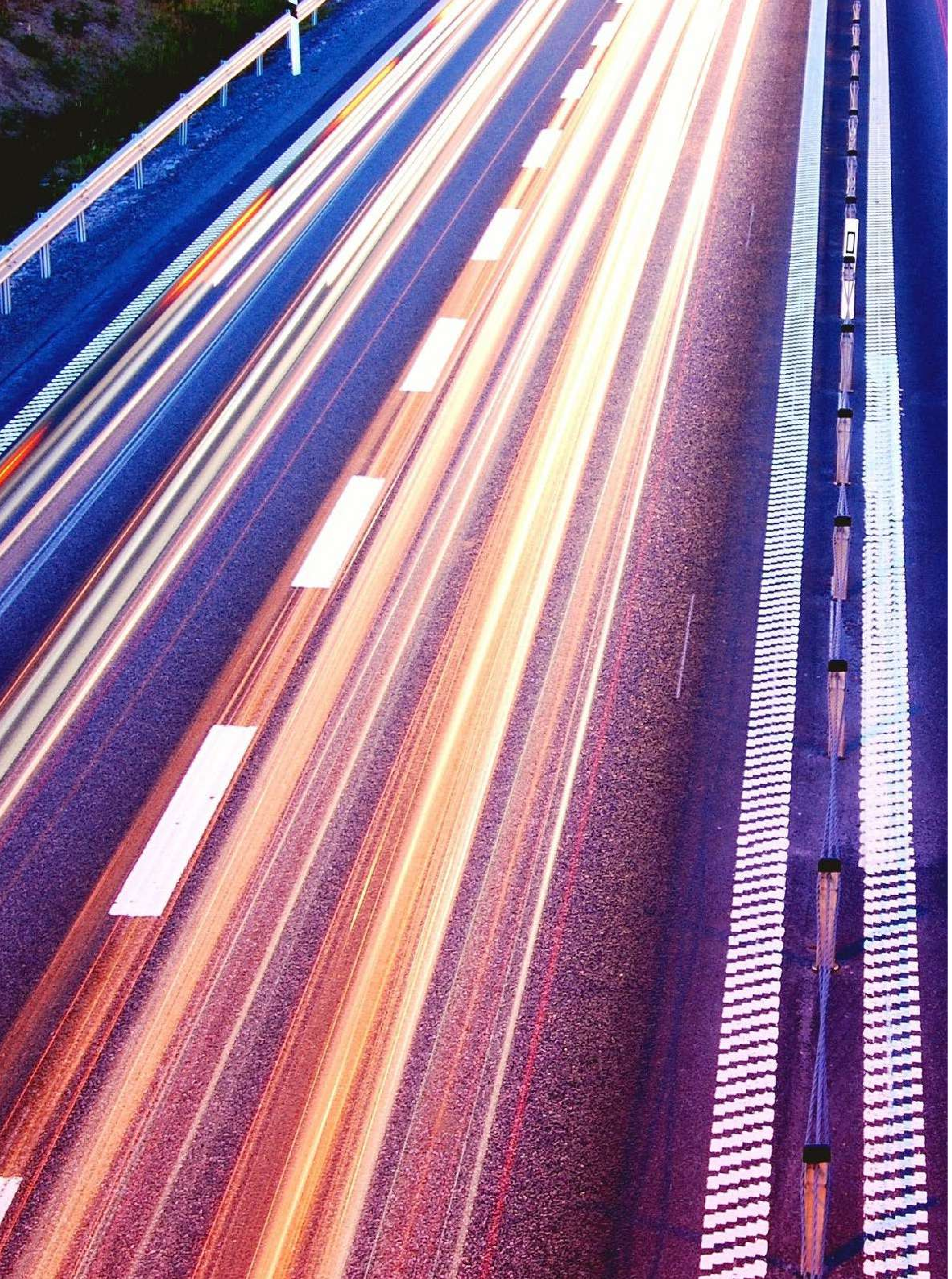
Private lenders will look at all existing sources of income, including self-employed income, income from existing investments, child support income and even child tax credit. The point being that income other than base salary is included in the income calculations.

Existing assets

Private lenders will look closely at other real estate or existing assets and use these assets as collateral on which the loan is lent. Private lenders will require an appraisal on existing property and will rely on this appraisal in the mortgage loan calculation of assets.

Sizable down payments

While a big bank will readily offer mortgage options with as little as 5% down, they are doing so based on exemplary credit. These loans, although reliant on a small down payment, are still considered low-risk loans and are backed with insurance by the Canadian Mortgage and Housing Corporation (CMHC). Private lenders will demand a larger down payment to offset credit shortfalls when approving mortgages. The larger down payment and calculation of all income sources, coupled with existing assets, are factored into the mortgage equation for private mortgage investors/brokers.



Private mortgages will typically have shorter term length

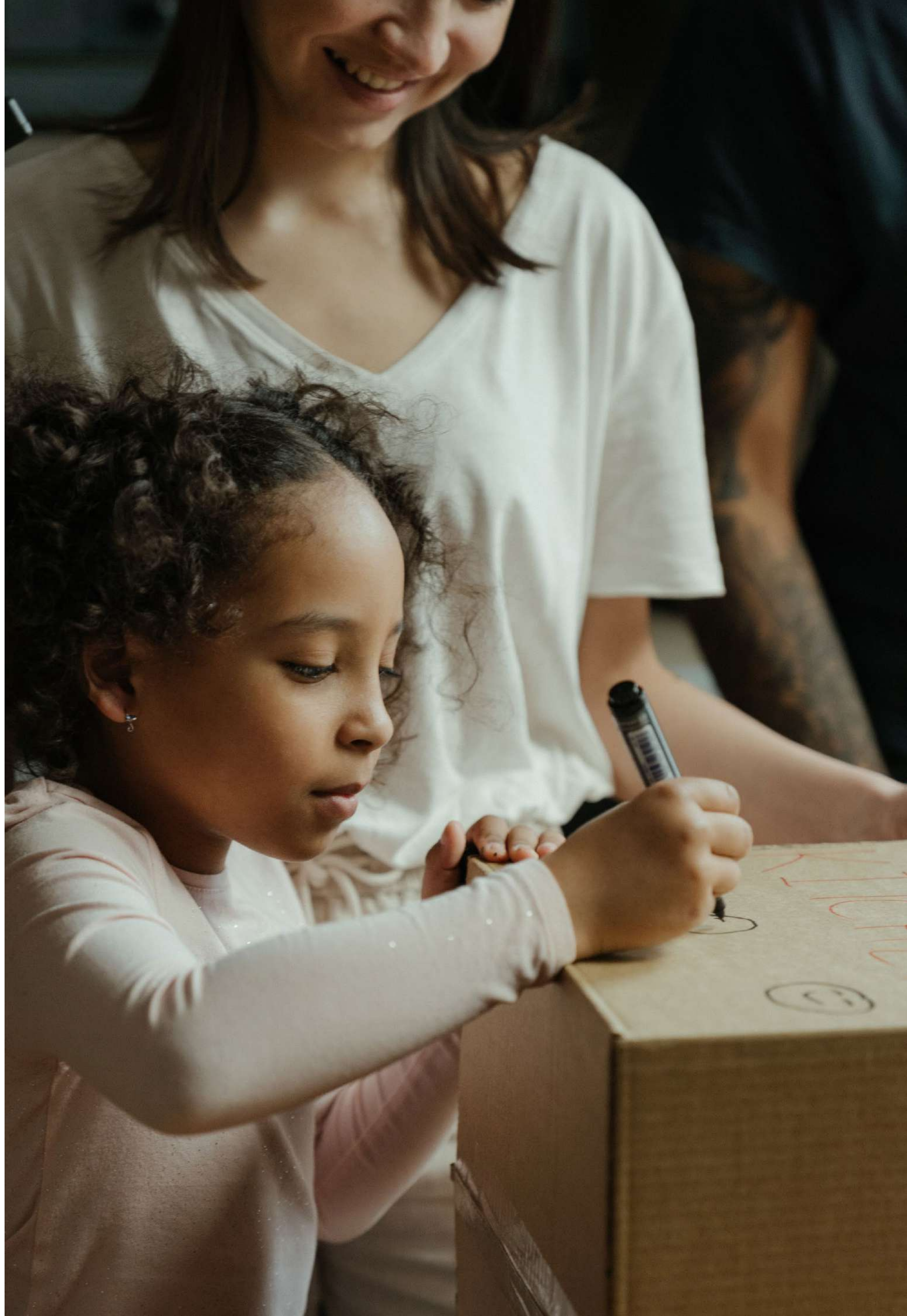
As we mentioned, big banks and traditional lenders, considered (A lenders) rely heavily on approving first mortgages with longer term lengths (typically 25 to 30 year amortization length). These loans leave the banks confident that they will see reliable returns on their mortgage investments. Private lenders are able to offer more flexible term lengths on mortgage loans and often opt for lending out short term length mortgages to be able to recoup their money easily and quickly.

When borrowers are applying for a loan with a private lender, the same principles apply as would when approaching a major bank. Paperwork must be filled out, and the borrower must provide the necessary documents, and appraisals will be reviewed on any existing properties (especially in the case of applying for a second mortgage on a given property).

The same mechanisms are in place, in other words, in the process of applying for a mortgage loan. The major difference to keep in mind is that the parameters for mortgage approval do differ when determining eligibility, as illustrated above.

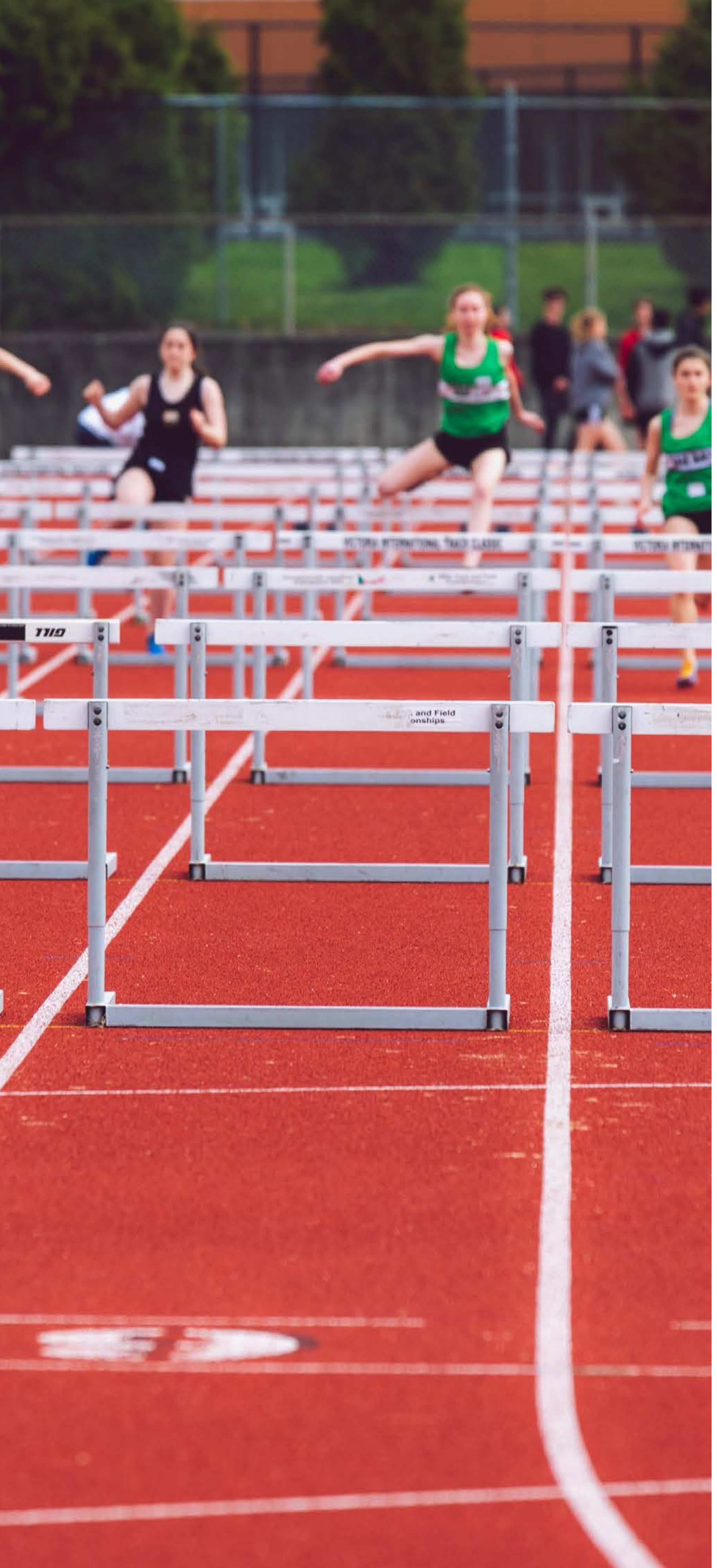
Are Private Lenders Better than Banks?

You may be asking yourself if private lenders are a better choice when looking to take out a mortgage, rather than the banks. There is no right or wrong answer to this question.



The defining factors that will determine your mortgage search will be based on:

1. What type of mortgage are you seeking?
2. How solid is your financial footing when applying for a mortgage?
3. Whether you are seeking a short-term or long-term mortgage.
4. What is your FICO or credit score at the time of mortgage application?



Borrowers have different mortgage needs and are looking to structure their mortgage based on different financial pictures and mortgage goals. For example, if a borrower presents a credit score to a major bank that is below the minimum threshold necessary for mortgage approval, then bypassing the banks and turning instead to a private lender would be highly recommended.

Poor credit, as outlined in the previous section, is not an impossible hurdle to overcome when negotiating a mortgage through a private lender. It may actually be the only option worth considering.

Similarly, if a borrower is looking for a short term loan that represents a second mortgage on their existing property, or even a bridge loan between mortgages, again, a private lender would be able to offer immediate help and achieve these particular mortgage needs.

Conversely, if your credit is in good standing and you are looking for a low-interest first mortgage loan, a bank may represent the best lending option.

Private lenders can offer mortgages to borrowers that would otherwise be turned away by the banks. Private mortgages can be processed as second or even third mortgages on a short term basis (typically six months to 2 years with provisions set in place to negotiate terms at the time of renewal).

Borrowers can also turn to private lenders to help quickly finance home renovations on their property or provide a bridge loan for temporary financing. Unfortunately most private lenders do not have the ability to provide Home Equity Lines of Credit due to the more sophisticated administrative work required.

Additionally, obtaining a mortgage loan through a private lender can be a very good alternative and a much better option than through a bank if you are self-employed. It is often hard to calculate income when self-employed, and the banks prefer to deal with salaried employees when determining mortgage eligibility. A private lender will work with a self-employed client and negotiate mortgage terms based on all sources of income.

The advantages of private lenders are clear. It is an excellent option for those with poor credit, self-employed borrowers and those looking for short-term financial help to cover immediate financial needs. It is up to you to determine if the flexibility and relatively quick approval process of private loans fit your overall mortgage goals.

Approval Criteria for Private Mortgage Lenders

So what criteria are private lenders looking for in particular when determining mortgage eligibility? The good news is that the approval process through a private lender, whether it be an individual private lender, private lending firm or Mortgage Investment Corporation (MIC) is much faster than through traditional lenders, and the criteria are broader and less restrictive.

The criteria that private lenders are looking for include:

1. **Assessing the Loan to Value (LTV) of your existing property**—When determining a second or third mortgage on a given property most private lenders will lend out up to 75% of the value (LTV) of a given property. If the property in question is worth 1 million, a private lender will lend up to $750,000, for example.
2. **Assessing local market demand**—In general private lenders prefer to lend in major cities. A private mortgage lender must consider how easy it would be to sell a property if the borrower were to not make mortgage payments. In general, properties in cities increase in value faster and can sell faster when compared to rural properties. Most private lenders will have lower maximum LTVs for rural properties.

3. **Determining the condition of the property**—In general, heavily damaged properties or properties with non-conforming features will sell more slowly on the open market. For this reason may private lenders will have lower LTVs for properties that are considered substandard for their area.

4. **All sources of income**—which can be demonstrated by documents such as Notice of Assessment (NOA) and bank statements. While debt to income ratios will not be considered, most lenders will want evidence that the borrower is able to afford to make all mortgage payments.

5. **All financial assets**—which can include other real estate, stock portfolios, RRSPs and other investments. In some cases, these additional assets can be considered for collateral on a private mortgage loan.

Different Types of Private Mortgage Loans

Borrowing from private lenders is a wise route to take on the road to mortgage approval because there remains impressive flexibility in terms of what types of mortgage loans they can potentially offer.

Some of the primary mortgage loans that private lenders can provide:

1. **First mortgages** with rates typically averaging around 7–8%.
2. **Second mortgages** on existing properties with rates averaging between 9–12%.
3. **Third mortgages** with considerably higher interest rates because these are loans that are considered high-risk loans for the lender.
4. **Bridge loans** to help finance for a short period of time, typically 3–6 months in duration. In some cases, these kinds of mortgages are registered against multiple properties at once.

In addition, there are other loans that can be offered by private lenders that do not represent mortgaging a particular property. The following loans are beneficial for those seeking short term financial help to alleviate immediate needs such as:

1. **A consolidation loan** to pay off high-interest credit cards in one manageable monthly payment.
2. **Home Improvement loans** to pay for immediate renovation needs without going through the lengthy loan application process through a major bank.
3. **A Home Equity Line of Credit (HELOC)** allows you to access equity built up in your home quickly and for a shorter term to pay for immediate expenses you may have. Since this kind of loan is more challenging to manage, only a limited number of more sophisticated private lenders are able to offer HELOCs.

By being able to provide a wide variety in the types of loans on offer and by doing so typically faster and with less hassle than the large banks, many borrowers can benefit from a private loan arrangement.

What is the difference between A, B, and C Lenders?

In order to further understand the role private lending plays in the mortgage market, it is beneficial to be able to differentiate between the types of lenders that are available. Lenders fall into three main categories. Each category has its own criteria required of the borrower in order to be ultimately approved for a mortgage loan. Lenders are considered to be either A Lenders*,* B Lenders *or* C Lenders*.*

A Lenders

- Require very strong credit scores and salaried income.
- Typically are banks and what are referred to as Monoline lenders (lenders that loan directly and only deal with mortgage loans).

These lenders have strict criteria that the borrower must meet. An A lender will determine your creditworthiness and look at salaried income by assessing both credit reports and the borrower's **Notice of Assessment (NOA)**. The vast majority of the mortgage loans that these lenders provide are first mortgages with lengthy amortization (term length) periods. Lending fees can be kept at a minimum, and the interest rates on these loans tend to average around 2%.

B Lenders

- Provide mortgage loans to borrowers that may not have credit that meets the demands of the *A Lenders*.
- The vast majority of the loans offered by *B lenders* are first and second mortgages with shorter amortization periods than the banks.
- Examples of *B lenders* are trust companies and credit unions.

These lenders will charge slightly higher fees than *A lenders*, averaging between 1–2% of the overall cost of the loan. Interest rates attached to these mortgage loans average between 4% and 6%.

C Lenders or Private Lenders

- Private mortgage lenders that take the form of either individual private lenders, Mortgage Investment Corporations (MICSs) and private mortgage syndicates.
- Help to provide borrowers with different types of mortgage loans on typically a short term basis (usually 6 months to 2 years).
- Provide mortgage solutions to borrowers who may have difficulty proving yearly salary and may have poor credit.

Differentiate Between Types of Private Mortgage Lenders

Individuals

These are wealthy individuals who seek to lend money on mortgages as a source of income. These people can either be full-time lenders or have an unrelated job and lend on private loans for additional income. These kinds of lenders generally are harder to find since they typically do not widely advertise. These lenders also have fewer costs and expenses than larger and more organized private lenders.

Syndicated Lenders

This is a small group of lenders who have pooled money together in order to fund a mortgage. Each individual lender will own an explicitly stated portion of the mortgage once it is registered. This is common with individual private lenders who need additional funds to fully finance a large mortgage. Syndicated Mortgages have come under intense government scrutiny as of late due to investment scams from Fortress Financial and similar companies.

Mortgage Investment Corporations (MICs)
This is a pooled fund consisting of at least 20 different shareholders. This type of corporation received tax advantages but must adhere to certain government regulations. When a mortgage is registered by a MIC, it is in the name of the MIC and not the individual lenders. Most MICs offer rates of return from 7–12% to investors and will deal with all tasks related to managing and administering the mortgages. This is a common option for less sophisticated investors who want to earn money in real estate lending.

Breakdown of The Fees Involved with Private Mortgages

There are a variety of costs and fees involved with a private mortgage. In general, the majority of fees are paid from the mortgage proceeds. The only fees which are required to be paid out of pocket are the appraisal fee and lender's administrative fees.

The Fees Directly Charged by the Lender Include

Interest Payments
The bulk of the payment that private lenders receive is in the form of interest payments on each mortgage loan. Interest that is usually averaging between 6–10% on some of the higher risk second or third mortgage loans.

Lender Setup Fees
Some private lenders choose to charge their borrowers setup fees, often termed as “Lender Fees” in the mortgage documentation. Setup fees represent a certain percentage of the overall mortgage loan. Setup fees can be charged on top of other outlined lending fees and help private lenders cover costs associated with setting up and discharging mortgage loans. A typical lender fee would be 2% of the mortgage loan.

Lender Administrative Fees—When preparing the commitment for a private mortgage, lenders incur a set number of costs. These include payment to employees for drafting paperwork, and payment to government agencies to pull property data. This fee is usually between $300–$650 and is typically due when the lender delivers their mortgage commitment.

Mortgage Termination Fees
When structuring a private mortgage private lenders will often charge exit fees in addition to other applicable fees. These fees are paid by the borrower at the end of the term of the loan. They are used to cover related costs for the private lender and are usually equal to three month’s worth of interest payments.

Other Fees Include:

Mortgage Brokerage Fee
If working with a mortgage broker or agent, you can also expect a "Brokerage fee" roughly equal to the lender's "Lender Fees". This fee goes to pay the mortgage broker, agent and all administrative staff involved in arranging the mortgage. This fee is paid from the mortgage proceeds after the mortgage has been finalized.

Appraisal Fee
The final value for the property is determined by an appraisal report from a company of the lender's choosing. The appraisal company is typically required to have AACI and CRA accreditation with the Appraisal Institute of Canada. The cost of the report is usually $300–$500 and is due after the appraisal inspection.

Legal Fees
In order to close a mortgage, the borrower's and lender's legal teams must work together. These legal costs usually range from $1,000–$3,000 depending on the complexity of the mortgage and are paid from mortgage proceeds.

Total Costs of Fees for a Private Mortgage

The fees charged on these loans are higher than those charged by A and B lenders, usually totalling anywhere from 3–6% of the mortgage amount, depending on the type of mortgage applied for. Interest rates associated with these loans average between 7–12%.

It is important to note that the exact interest rate will vary and is contingent on other factors, including the prime rate and bond rate, and will vary from lender to lender. During the pandemic, for example, we have seen interest rates fall to an historic all-time low.

Lending Matrix

Type of Property	Maximum Loan to Value Ratio	1st Mortgage	2nd Mortgage	Lender Broker Fees
Farmland, Undeveloped	50%	7–10%	N/A	3–5%
Cottage, Waterfront Property	70%	7–10%	10–12%	3–5%
Cottage, Non-waterfront Property	65%	7–10%	N/A	3–5%
House, Rural on Well/Septic	65%	7–10%	10–12%	3–5%
House, Major City/Town, Population over 10,000	80%	7–10%	10–12%	2–4%
House, Population under 10,000, Municipal Water and Sewer	65%	7–10%	10–12%	2–4%

A 2% premium will be applied for any of the following properties:

- Mortgage arrears
- Rentals

A minimum RUSH fee of $2,000.00 will apply on urgent closings.

Pricing and programs are subject to change at any time without prior written notice.

- Minimum Loan Amount $35,000.00
- Maximum Loan Amount $2,000,000.00
- Standard Mortgage Term 1 year

Exceptions may apply, call for details.

What Do Private Lenders Look for in a Borrower?

For some private lenders that approve mortgage requests, the decision to approve a mortgage can sometimes be a deeply personal decision for the lender. Just as there is variance in the lenders that are available, there is variance in the type of borrower that a private lender will be seeking.

Generally, private lenders will be looking for a borrower that has been referred perhaps by a mortgage broker, real estate lawyer or from other real estate professionals. This borrower will likely have the traits that will be attractive to a potential private lender, including trustworthiness, reliability, professionalism and the ability to communicate while discussing mortgage terms.

The private lender will also be looking at the capital or overall assets that the borrower brings to the table, which includes all sources of available income, any additional properties, or large assets that could be used as collateral on the mortgage loan.

In addition to the overall character of the borrower, a private lender will usually be approached by several types of borrowers.

These borrowers usually fall into broad categories, which include:

People in Financial Crisis
This kind of person has experienced the loss of a job, severe injury, or some other traumatic event that negatively impacted their cash flow. They have difficulty making all their payments in the short term and require temporary financial assistance.

Equity Rich Cash Poor
With Ontario real estate values on the rise, many people with no expendable income have large amounts of home equity. These people can opt to use their property for secured loans, which carry far lower interest rates than unsecured loans. The money is used for a wide variety of things, including bill payments, education expenses, and renovation financing.

Chronic Debt Issues
People without solid financial literacy skills may have a tendency to accumulate expensive debt, resulting in their debts spiralling out of control. While most lenders will reject the loan based on the merits of the borrower, a private lender can approve a loan solely on the equity in the property. A good private lender will analyze this person's situation and recommend methods of staying out of debt in the future.

Rehab/Sell and Rehab/Rent
This includes those looking to make major renovations on a property and are seeking short term financing to achieve their goals with the objective of refurbishing and eventually selling the property or refurbishing and renting out the property for investment income.

Builders/Developers
Private lenders are often approached by builders and real estate developers that are looking for quick financing on a short term basis to further develop projects and put the money towards their investment properties in the form of renovations and upgrading.

Commercial Investors
Private lenders also deal with the commercial end of real estate lending. Loans to cover renovations on commercial property or loans to finance commercial projects for example.

Top Benefits of Private Lender Mortgages

By now, you can see that borrowing through a private lender is a good decision if you require financing quickly and may have encountered stumbling blocks when approaching the banks (A lenders.) Private lending is also a growing market.

The top five reasons why people choose to get a private mortgage:

1. **Lenient Approval Criteria**—While the majority of other loan providers will look at a borrower's credit score, employment, the majority of private lenders will strictly consider the equity in the property. Most people who use private lenders have already been rejected by banks, credit unions, and trust companies. Borrowers that use private lending companies accept that the high chance of approval comes with higher rates and fees.

2. **Faster Mortgage Processing**—For people facing power of sale, foreclosure, tax sales, or eviction for any other reason, require the fastest possible financing solution. Financing with traditional lenders is much more carefully regulated, with mortgage completions taking a month or more. Private mortgage lenders require far less administrative work to process a mortgage. The typical private lender mortgages take two weeks to arrange but financing can be completed in as little as one week if required.

3. **Flexible Mortgage Terms**—While banks can be quite strict in terms of what they will allow in their mortgage contracts, private lenders can tailor the agreement to fit the needs of the borrower. Examples of custom mortgage terms can include pre-paid interest payments, blanket mortgages, and pre-payment privileges. Many private lenders will accept any reasonable alterations to their mortgage contracts proposed by borrowers.

4. **Large Loan Amounts**—While credit cards and personal loans can be the easiest kind of loan to get, the amounts you can borrow typically cannot exceed $30,000. Private lender mortgages are secured against real estate, so lenders can comfortably lend amounts well in excess of $30,000.

5. **Lower Interest Rates**—While private lender mortgage rates exceed those charged by banks, trust companies and credit unions, they are still cheaper than many other types of loans. Many borrowers use private mortgages to pay off more expensive debts, which include personal loans, credit cards, and car loans.

The Private Mortgage Process from Start to Finish

COVID-19 Changes

During the COVID-19 pandemic, it's common for the initial discussions to be done electronically instead of in person. When possible, most mortgage brokers and lenders will opt to complete the majority of the process digitally. If the borrower is not comfortable using electronic methods of communication, in-person visits and paper mail can also be used.

Initial Discussion

In general, your first point of contact when requesting a private mortgage is either a mortgage broker or a direct private lender. The initial discussion will be to gather details to see if you meet the basic criteria for approval. The key information needed will include the address of the property, the existing secured debts, and the amount of the requested mortgage. In most cases, the approval is solely based on the Loan to Value (LTV) ratio, which uses a computer-generated value estimate for the property.

Computer-Generated Value Estimate

The software that generates estimated values for properties is called an Automatic Valuation Model (AVM). The most popular AVM software for Ontario mortgage providers is called Purview, which is developed and maintained by a company called Teranet. This value estimate is primarily based on recent sales of comparable properties in close proximity to the subject property. This valuation is usually produced during the initial conversation.

The initial discussion typically only takes around five minutes for simple mortgage requests. Most brokers and lenders should be able to state if the borrower can expect to be approved during that first call.

Shortly after, the mortgage provider should send the borrower:

- An estimated outline of costs
- An application form
- A list of required documents

Complex requests which include customized mortgage agreement terms can take much longer to analyze but still follow much of the same process.

Review the Outline

After you've reviewed the general outline of the mortgage with all listed costs, you can decide whether or not you would like to proceed further. If the estimate of costs is far too expensive, or the other terms are undesirable, you can decide to cancel the mortgage request. If the mortgage appears acceptable, then the next step in processing the mortgage can begin after the mortgage application, and other supporting documents are sent.

Common Mortgage Documentation

- Completed and signed application form
- Signed permission form to pull credit report
- Income and employment verification (pay cheque stubs or T4's)
- Notices of assessment from Revenue Canada
- Two pieces of photographic identification for everyone on title to the property
- Borrower's lawyer contact information
- Any previous mortgage statements
- Property insurance
- Two utility bills for gas, water, or electricity
- Most recent property tax bill
- Condo status certificate (for condos only)

Comparing Lenders and Mortgage Commitment

A mortgage broker will typically take your mortgage application to several different private lenders in order to bargain for the best rates, fees and terms. After comparing amongst several lenders, the broker can send a direct mortgage quote from the lender. This quote is different from the initial estimate in that it more closely reflects the final costs and terms of the mortgage. As with the estimate, the borrower can decide whether or not to proceed further.

If the borrower decides to proceed, the lender presents the borrower with a "Mortgage Commitment" document. The mortgage commitment is like a promise from the lender to the borrower to provide a mortgage with strictly defined costs and terms. These commitments are usually subject to legal approval and may be voided if new information comes to light that changes the risk profile of the mortgage.

If a mortgage broker is involved, then the broker will also send a set of documents in order to meet their regulatory requirements.

Documents the broker might send the borrower include:

- Finalized Mortgage Application
- Mortgage Summary
- Disclosure to Borrower
- Letter of Direction
- Amortization Schedule

After the lender receives the signed mortgage commitment, the lender will begin to finalize the mortgage transaction. Some lenders may insist on an upfront administration fee of $300–$650 to proceed at this point. This pays for out of pocket costs the lender must incur including, pulling credit reports, performing a writ search, and drafting paperwork.

Verification, Signing and Transfer of Funds

From this point, the lender's legal team spends time to verify all information is accurate and that all information relevant to the mortgage has been disclosed. These lawyers will verify the authenticity of any personal identification and deeply investigate the records for the subject properly and see if there are any undisclosed debts or pending legal actions. Once the lawyers are finished with this, they will move the mortgage money into a secure trust account and prepare the funds for transfer.

The borrower's lawyer will be responsible for explaining the mortgage agreement in plain terms to the borrowers. This service is typically called Independent Legal Representation or Independent Legal Advice, and it is needed to ensure the borrowers fully understand the mortgage agreement. The borrower's lawyer works together with the lender's lawyers to get the final documents signed and finish the transfer of funds.

Who Regulates Mortgage Brokers That Work With Private Lenders?

The question is often asked whether private lenders are regulated just as other mortgage brokers are in Ontario. The answer is that private lenders are not regulated directly, but the mortgage brokers and agents they work with are.

The Mortgage Brokerages, Lenders and Administrators Act mandated in 2006 dictates that all businesses and individuals that carry out mortgage brokering services are to be licensed and registered with the government agency that is responsible for overseeing mortgage brokering, the Financial Services Regulatory Authority (FSRA), formerly known as Financial Services Commission of Ontario (FSCO).

Private lending is not only a very widely used lending service. It is also a safe loaning option with regulations in place similar to other traditional lenders. Given the wide demand for loans that are relatively fast to process and only needed for short term financing, private lending remains and will continue to be a very desirable option for many as they reach their specific mortgage goals.

How to Select a Private Lender to Suit Your Needs

If you have decided that a private lender loan is the best option for your particular financial circumstances and loan objectives, then you need to look for a comprehensive lender that will be able to assess your eligibility while providing reliable mortgage advice and valuable direction.

At Mortgage Broker Store we will be more than happy to sit down with you and help you pinpoint your lending requirements while giving you expert direction and advice. With a vast network of private lenders affiliated with us, the Mortgage Broker Store will be able to steer you in the right direction and set you up with a private lender to help you achieve your desired mortgage goals.

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