

# What makes a top private lending partner?

CMI director **Taylor Lewis** gives his insights on what brokers and their clients need to keep top of mind when choosing a lender during challenging times

**CANADA'S MORTGAGE** market is continuing to present its fair share of challenges for agents, brokers, and their clients – and with the popularity of private borrowing options surging, it's never been more important to make the right choice of lender in that space.

For Taylor Lewis – director, mortgage operations and strategic partnerships at Canadian Mortgages Inc. – it's essential to keep four key factors in mind when making that decision: relationships, resources, range, and reputation.



“There’s an increasingly bigger void in the market – and we still want to fill it. Our game plan has not changed” **Taylor Lewis, Canadian Mortgages Inc.**

Lewis tells *CMP* that relationships ultimately trump transactions when it comes to building connections in the mortgage space, a fact that CMI has been attuned to throughout nearly two decades as a lender.

“People remember how you made them feel versus what you’ve done for them,” he explains. “If you can create a good standing relationship with them, that just puts us all in a better position.”

CMI’s focus on a relationship-driven approach means it employs brokerage relationship managers rather than business development managers – a deliberate decision, Lewis says, to prioritize building and furthering connections with brokers rather than simply engaging with them transactionally.

Key factors for brokers to consider in developing a relationship with a lender, Lewis adds, include the resources available to them, the lender’s ability to service deals, and the strength of its organiza-

tional structure and support staff.

At CMI, which has surpassed \$2 billion in lifetime mortgage funding, flexibility in terms of the solutions provided to borrowers and their clients is also critical.

“People are coming to us for a very specific solution,” Lewis says. “We look at everything on a case-by-case basis, using common sense to figure out a solution with an exit strategy that makes sense. We absolutely want to help the client.”

## GROWING INFLUENCE OF PRIVATE MORTGAGES



Private mortgages in Ontario soared 72% to \$22.4 billion in 2021 from \$13 billion in 2019, according to a report from the Financial Services Regulatory Authority of Ontario (FSRA)



A poll by the FSRA this past winter showed that 10.6% of mortgages brokered in 2021 were private (35,568)



According to a *Financial Post* report, Mortgage Investment Entities originated 10.2% of residential mortgages in the third quarter of 2022 compared to 8.43% a year earlier and 8.25% in the third quarter of 2020

## A proven track record

Brokers who transact with a wide variety of client types must be sure that their choice of private lender is able to facilitate that range, according to Lewis.





A private lender’s reputation and track record are also of paramount importance – particularly with the swathe of recent entrants to a lending space that’s grown increasingly turbulent.

“In terms of reputation, it’s important



## TALKING TO THE PEOPLE

A poll by the Financial Services Regulatory Authority of Ontario, published this past winter, surveyed 1,028 Ontario residents about their impressions of private mortgages. Among the findings:

-  **26%** of residents were drawn to using a private lender because of more flexible terms
-  **13%** were drawn to an easier application process
-  **12%** felt that using a private lender was a better option for self-employed borrowers or those without a steady income
-  **80%** of respondents believed it was important to have an exit strategy to move from a private mortgage to a traditional mortgage

Note: The poll was conducted online in November 2022. It had a margin of error of +/- 3.1%, 19 times out of 20.

to consider whether the lender is able to get the deal done and whether they're able to put the clients in a better position than when they started," Lewis says.

Since its founding in 2005, CMI has acquired a reputation as a leader in Canada's private lending space, ranking in the *Globe and Mail's* Top Growing Companies list for each of the past three years.

The company is proud of that hard-earned reputation in the mortgage industry, Lewis says, one that's a

product of its close work with the broker community, and its commitment to working proactively to help borrowers improve their financial outlook and move back into the conventional space.

"We didn't just stumble upon this feat by any means," he says. "We worked very diligently and collaboratively with our broker partners to get to this point. Our success quite literally hinges on their success.

"We help our brokers get their clients

into better financial situations. It's more of a partnership and a collaboration – and again, more of a relationship than simply a transactional arrangement."

That approach is underpinned by CMI's underwriters and fulfilment team, a point of pride for the company whose ability to help deliver quality solutions while also safeguarding the lender's stability and risk exposure has proven an invaluable asset, Lewis says.

"We still have a duty to our investors to ensure that their investments are safeguarded," he says.

### Adapting to a changing market

Amid a volatile mortgage market that, in recent times, has seen rising interest rates, unpredictable home price movement, and surging borrowing costs, the private space has experienced plenty of uncertainty. CMI, though, has doubled down on its existing approach rather than retreating, Lewis says, an affirmation of its resilience and ability to weather even the strongest storms the economy can produce.

"We've always wanted to scale, improve, and get more market share to fill that void in the industry," he says. "There's an increasingly bigger gap in the market – and we still want to fill it. Our game plan has not changed."

After all, the need for private solutions in the mortgage market has only grown as borrowers face an increasingly difficult time qualifying with conventional or mainstream lenders.

That's why the value of high-profile, well-capitalized lenders with a strong reputation like CMI has never been greater, Lewis says. They offer a solid but safe solution for borrowers who find themselves in need of an alternative to conventional lenders.

"These mortgages are not permanent. You don't want to keep borrowers on a private mortgage forever," he says. "But it's a vital solution, and we want to get them in a better position when they leave us than when they came to us. When that's happened, we know we've done our job." **CMI**