

The growing market of Mortgage Investment Management

The alternative mortgage lending market is growing in size and strength due to the need for financing not generally funded by the traditional banks. Canada's alternative mortgage market is one of the fastest growing mortgage markets in the country with an estimated value of between \$55 billion and \$120 billion. Alternative financing funds the growing niche of construction loans, interim and bridge financing as well as for individual mortgages not met by the traditional bank criteria. As a consequence of filling this funding niche, mortgage companies are growing in size and strength resulting in an emerging need to sustain their growth.

The growth of the alternative lending business is facilitated by the use of the Canadian Investment vehicle called MICs or Mortgage Investment Corporations. Created under the Income Tax Act and regulated by financial institutions, MICs were created to permit and encourage individual investing into mortgage. Mortgage companies manage MICs for a small fee which continue to provide excellent and escalating source of capital for alternative lending.

The Alternative lending market also manages syndicated mortgages. Like MICs, investors in a syndicate receive proportional interest for their investment. Unlike MICs, syndication participation usually involves a few investors with large investments into just one mortgage.

Not only are Managers finding more available mortgages to fund but the alternative lending business capital is also growing in size due to the attractive nature of mortgage investing for individuals.

Mortgage investing for individuals, provides an excellent investment alternative to other choices such as stocks, bonds and GICs. Mortgage investing delivers relatively high and consistent returns ranging from approximately 8 to 14%. It is also an attractive investment since risk is mitigated by the investment being backed against real estate and in the case of the MIC many mortgages. MICs are also RRSP eligible and even at 8% delivers greater returns.

As the growth of the Alternative lending market continues to grow in opportunity and strength, so does the need to maintain and manage all the increasing amount of data. Mortgage Investment Managers are finding it increasingly onerous to keep track of all their mortgages, investors and related transactions and in some cases impedes operations as well as growth. In addition, managers realize that accuracy with data is vital when managing millions of dollars of capital. As a result of this increasingly cumbersome nature of administration of mortgage investment; corporations are beginning to seek a solution.

An industry specific database management software could well be the solution.

Mortgage Investment Management software provides many advantages to Mortgage Companies funding the alternative lending market. From moving data maintenance from the precarious nature of manually maintained spread sheets, to an integrated software system, corporations are becoming more efficient, proficient and profitable. Mortgage Companies are able to grow by being able to administer their increasing data pertaining to mortgages and investments.

Similarly, implementing an automated system gives advantages such as automated calculations and efficient financial functions. With software's data entry fields, data consistency is imposed and in some cases imposes entry suggestions for a complete data system.

Legitimization is imposed with software by recording user transactions and changes through change logs with the fingerprinting of data. Instead of having a system dependent on a few, integrating data into a software system also allows all who are permitted the ability to view corporate status. Furthermore, with an automated generation of reports and statements regulatory requirements become easier to comply.

Efficiency in corporate operations is greatly improved with the adoption of software since time allocated to transactions and management is enormously reduced. Transactions such as interest and or dividend calculations (and allotments) can take up to a week or two for staff to execute. With the adoption of software, administration time for such functions is reduced to merely seconds.

Furthermore, having data integrated into one software ensures that data is cross-referenced eliminating the need to repeat data and maintain data changes in multiple places. Communications such as investor requests are greatly improved by software providing the ability to search queries on data criteria. Software can allow companies to allocate the previous hours of administration to be used for more effective and profit generating tasks.

Mortgage investment software provides the ability to review historical corporate status (such as the success of mortgages based in a geographic area), the ability to review current assets and consequently, providing information that management can use to make pro-active decisions and corporate planning. In short, incorporating software can improve overall financial performance.

The implementation of industry specific software for mortgage investment companies reduces errors, improves efficiency and sustains the rapid development of this industry. In general, with the adoption of a software system, mortgage investment management for Mortgage Companies in the growing alternative lending business is becoming less awkward and more precise allowing more time to focus on the key business of allocating funds and generating income.

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