

MORTGAGE SOLUTIONS



MUST-KNOW MORTGAGE SOLUTIONS: ROUNDTABLE

CMP checked in with four industry experts to find out the various options available to homeowners to allow them to not just endure the current economic downturn, but make the most of it

WHEN FINANCIAL hardship hits, homeowners need to know all the options available to them regarding their mortgage, whether that's refinancing or taking out a reverse mortgage. An economic downturn like the current one presents an opportunity for brokers, lenders, bankers, tech providers and homeowners alike to re-evaluate, think outside the box and find a silver lining.

With that in mind, CMP brought together some of the best and brightest minds in the Canadian mortgage industry to discuss the current challenges facing homeowners, illuminate the need-to-know facts about different mortgage options and explain how brokers can capitalize on such opportunities in these financially uncertain times.

THE PARTICIPANTS



Rakhee Dhingra
CEO and broker

Mortgage Savvy

After several years of working her way up the ladder at major banks, Rakhee Dhingra founded Mortgage Savvy in 2015 with a mission to challenge the transactional nature of the mortgage industry and focus on building meaningful connections instead. She has created a financial concierge service dedicated to delivering the highest calibre of expertise and, from day one, has invested in developing strategic partnerships with the industry's leading Realtors. As a result, the Mortgage Savvy vision quickly morphed into a full-blown movement. In 2019, Mortgage Savvy was nominated as Brokerage of the Year (Fewer Than 25 Employees) at the Canadian Mortgage Awards, and Dhingra was named a CMP Woman of Influence.



Paul von Martels
Vice-president

Equitable Bank

As vice-president at Equitable Bank, Paul von Martels' mandate spans everything from national credit and distribution for reverse mortgages to credit for prime mortgages and the credit operations for Equitable's life insurance policy lending. Since joining Equitable in 2014 to manage the corporate development and strategy group, von Martels has helped grow the prime business to around \$7 billion in assets under management. In 2018, he and his team launched Canada's second reverse mortgage offering, made available exclusively through the mortgage broker community. He is also involved in Equitable Bank's venture capital investing activities and has served on the board of digital credit advice platform Borrowell.



Dalia Barsoum
President and principal broker

Streetwise Mortgages

Dalia Barsoum is an award-winning broker and finance advisor with more than 20 years of experience in the banking sector, spanning lending, wealth management and real estate. In 2011, she launched Streetwise Mortgages, a boutique brokerage that specializes in servicing real estate investors and self-employed clients across Ontario. Over the years, Barsoum and her team have won multiple industry awards, including the award for Best Customer Service from an Individual Office at the Canadian Mortgage Awards for two consecutive years, as well as being named to CMP's Hot List, Top 75 Brokers and Mortgage Global 100. Barsoum is also the author of *Canadian Real Estate Investor Financing: 7 Secrets to Getting All the Money You Want*.



Shannon Dolphin
President and CEO

Dolphin Enterprises

Dolphin Enterprises was established in 1976 by Dan Dolphin and has been developing financial accounting systems for more than 30 years. Since 2004, software development has taken place under the direction of president and CEO Shannon Dolphin. As the leader of the company, Dolphin has built a strong team with diverse talents to expand and develop Dolphin Enterprises into the leading software solutions company for clients running syndicated mortgages and mortgage investment corporations. Dolphin Enterprises built MIC Manager in 2002 and has enhanced and developed it, based on requests from the industry and clients, into a robust software system for MICs and Canadian private lenders.

MORTGAGE SOLUTIONS



UNLOCKING EQUITY

CMP: Tools to tap into a home's equity, such as refinancing or getting a reverse mortgage, might seem intimidating to some people. What are the main things homeowners need to consider when looking into these options?

Dalia Barsoum: Refinancing and reverse mortgages are tools that provide clients with liquidity and consolidate expensive debts to create additional capacity and cash flow in their monthly budgets. Regarding refinancing, it's important for homeowners to do it without adding a drain on their monthly budgets.

First, lines of credit are excellent tools, as they give clients access to equity without an immediate principal and interest payment, and clients can pay a minimal interest-only payment on the amount of money used – i.e. pay as you go. Second, where possible, if the client is taking out funds as a mortgage,

consolidating expensive debts puts these funds to good use.

The expected temporary softening in property valuations is also a risk that clients considering a refinance are facing, and therefore it's recommended that clients who are concerned about liquidity and/or cash flow deficit look into their refinancing options

lenses COVID-19 is introducing to the process, namely the ability to conduct research and get competing offers, and being able to close on the mortgage without exposing yourself to the dangers of the virus. Brokers, lenders, lawyers, mortgage closing services – we understand, and we've adapted our processes. Now more than ever, clients

“For some clients, products that used to not make sense may now be very practical options, simply because rates have come off significantly” *Paul von Martels, Equitable Bank*

early and appraise their properties at the earliest opportunity.

Paul von Martels: First, it shouldn't feel intimidating. Mortgage brokers are experts in helping their clients through the process – they're in good hands. I appreciate the chal-

lenge they complete their diligence and work with their advisors to ensure they're getting the best care.

The three things homeowners who would qualify for either [refinancing or a reverse mortgage] would need to consider are the



following. First, know your objective: What's your financial situation, and what are your goals? Second, cash flow: Is a new or larger mortgage payment the right decision? What impact will this have on your financial health? Lastly, equity preservation: What solutions offer the lowest total cost of borrowing? It's not only about the lowest interest rate; brokers and clients need to critique other factors like pre-payment allowances, pre-payment charges, and lender and broker fees, to name a few.

Rakhee Dhingra: The COVID-19 pandemic has left many homeowners taking stock of their financial stability, which is a positive side effect of our current circumstances. Many people's nest eggs or retirement savings are in their home, which is a scary feeling. Refinancing and reverse mortgages are great ways to tap into some of that equity, given these uncertain times.

It all comes down to the numbers and understanding what the overall benefit would be for their financial and lifestyle goals. We look at evaluating the benefits of restructuring debt. That often will start by looking at our client's monthly obligations, whether it be car loans or outstanding credit card debt, to determine how we can consolidate that to help them reduce their monthly obligations and make them a little bit more comfortable moving forward.

NAVIGATING THE COVID-19 LANDSCAPE

CMP: With the rapidly changing circumstances in the industry right now, many brokers are having a hard time getting up-to-date information from lenders in time to make deals for their clients. What challenges does this present? What are the potential solutions?

RD: We need to look at our lenders as our partners. The whole pre-approval process is much more in-depth these days, which means brokers must work even harder to provide lenders with as much documentation and information as possible upfront. When we're



submitting a request for a mortgage approval, we're building a true business case.

This is where the distinction between a really good broker and someone who is transactional shines through. You need to build trust with your clients to get a full sense of their financial and employment stability in order to present the lender with the information they need to support that deal.

PVM: Brokers shouldn't have a hard time getting this information, but I recognize the pace of change over the past few months has been extraordinary. Furthermore, lenders have nuanced processes and practices, which, when combined, leads to an unmanageable amount of change information.

The primary challenges, as I see them, are customer experience and process inefficiency: the accuracy of information provided to the client and the ease of the transaction. I will argue, however, that the value of a mortgage broker has never been greater – there's a

lot of opportunity to provide tailored service right now – but no doubt the challenges presented by this unique situation with COVID-19 make it difficult to execute in a way that's consistent with expectations.

Frankly, the best solution to managing through this difficult time is by doubling down on your strongest relationships. Work with the lenders and partners that you know will give you timely and transparent information; have phone calls with your underwriter; join their webinars and read their emails.

DB: Many lenders are hedging their risks in different ways and definitely at a fast pace. Despite the challenge of obtaining timely updates from some lenders, overall many business development managers have been fantastic and forthcoming with updates to lending guidelines to the broker channel as information becomes available. I find that picking up the phone daily and speaking with your go-to underwriters and/or BDMs

MORTGAGE SOLUTIONS



for updates is a great way to keep your finger on the pulse and keep your clients and partners informed.

Given the delays, managing expectations with clients right now is also key when it comes to helping them understand how lenders are evaluating deals, as well as with approval turnaround times.

Shannon Dolphin: While we don't work directly with brokers, Dolphin Enterprises, along with our private lender clients, has gone through various cycles in the private lending industry since 2004, particularly in 2008 with the global financial crisis. During and following 2008, we worked with many private lenders by implementing more software tools to manage arrears, debt and maintain changing financial transactions. Over the last 16 years, we have enhanced and expanded MIC Manager as a direct

“It's important to balance what we're hearing in the media with reality. Each client's situation is going to be different, and what may be a good solution for one family may not necessarily apply to others”

Rakhee Dhingra, Mortgage Savvy

request from the industry to create a robust software only realized with this direct implementation.

COVID-19, with its sudden and drastic impact on our lives and the global economy, is currently only a few months old with little feedback from clients for related reports or related functions. As private lenders have an

array of borrowers, they could see more defaults; some are seeing more opportunities for second and interest-reserve loans. Only time will really tell the impact of this global and national pandemic.

CMP: What opportunities should homeowners know about in the

current financial climate? What pitfalls or concerns should they be aware of?

PVM: Rates have declined and continue to decline, and there are options to capitalize on this via a refinance or a switch. For some clients, products that used to not make sense may now be very practical options, simply because rates have come off significantly.

Maybe not an opportunity so much as an option is mortgage deferral. Should your clients be in an employment jam, lenders are helping through a payment deferral. Clearly, there's a cost to this; however, it may provide the necessary breathing room.

Another option for homeowners is a switch or transfer, in which brokers help their client switch their mortgage to a lender offering lower rates, either mid-term or at

renewal. The best option for clients over 55 years old, who are considering a sale of their property, a move into a long-term care facility or alternatives to drawing down on their investment portfolio, is a reverse mortgage.

Lastly, there's accessing the referral network. This COVID-19 situation has impacted every corner of society and business. Referral partners – lawyers, Realtors, wealth planners – are likely helping clients with unexpected challenges that mortgage brokers may be uniquely positioned to help with.

Potential pitfalls include making short-term decisions that limit your future with clients, partners, lenders, etc. We'll come out the other end of this, and you don't want to face the uphill battle of repairing damaged relationships when we do. I think that for those of us operating in the broker

channel, the biggest opportunity here is highlighting the value-add we bring in these complicated times.

RD: It's important to balance what we're hearing in the media with reality. Each client's situation is going to be different, and what may be a good solution for one family may not necessarily apply to others. Consulting with a mortgage broker you trust will ensure that whatever steps you're taking will have long-term benefits for your financial future.

It's also important to look at affordability and not just mortgage qualifications. Many clients are coming to us, saying that they're seeing lower advertised rates and want to switch – but the conversation is much more involved than that. What are the penalties of exiting the existing mortgage? Are the interest



Your residential private lender since 1993

- ✓ 1st, 2nd, and 3rd mortgages
- ✓ Loan amounts from \$25,000 up to \$2,200,000
- ✓ No income qualification
- ✓ No minimum beacon scores
- ✓ Purchase, Refinance, ETO
- ✓ Up to 75% loan to value
- ✓ **Property types:**
houses, condos, townhouses, serviced land, raw land, and multi-family properties

call toll free

1.866.907.5407

DIMITRI KOSTUROS
Chief Operating Officer
dimitri@vwrcapital.com



www.vwrcapital.com



LENDING IN:
British Columbia
Alberta
Saskatchewan
Manitoba
Ontario



Email lender
notes, application,
and credit bureaus to:

deals@vwrcapital.com

PAULA HUTTON
BDM - Prairies
paula@vwrcapital.com

MORTGAGE SOLUTIONS

savings going to make that decision worthwhile? It's not just about comparing rates.

DB: With the help of mortgage advisors, homeowners need to understand that the real estate environment we operated in pre-COVID-19 and how financial decisions were made then are different in the post-COVID-19 environment. Clients need to be proactive and plan ahead for such times and not wait until they're in desperate need of money to apply for a refinance or equity take-out.

During times of fear and uncertainty like this, some clients are jumping at mortgage deferrals as a first line of support. While that tool has provided temporary relief for many, it does come with a cost and potential implications to clients' credit and future ability to borrow. Clients should speak with their mortgage advisor first about any other available options and assess the suitability of mortgage deferrals, given their needs and available options, before pursuing them.

Property valuation is another area of concern for clients. While values are not expected to collapse due to the balanced tension between demand and supply, the values will soften in some markets. Clients are encouraged to appraise their properties early in the process of refinancing to confirm value and also to lock in the best value for 120 days.

A note for those who are looking to get into the market and hold onto their properties for the long run: The softening prices, combined with low interest rates, are fertile grounds for property acquisition.

CAPITALIZING ON OPPORTUNITIES

CMP: What are some of the biggest opportunities for brokers and lenders as the COVID-19 situation continues to develop?

SD: As the business world has been mandated to work from home, there continues to be more need for electronic transactions. Dolphin recently launched a full EFT feature from our accounts payable module so MIC

managers can execute all financial transactions electronically from all Canadian financial institutions. We previously launched Finhub and recently expanded the remote reporting for brokers and borrowers. Since MIC Manager is the only private lending system with an integrated accounting system, the opportunities will be to expand the MIC accounting administration tool with integration with other products.

The private lending industry has seen much growth in the past few years. When Dolphin launched MIC Manager in 2002, most people didn't even know the definition of a MIC. With previous changes in the banking industry, the private alternative space expanded in need and opportunity, and it will continue to grow in strength and numbers. Since privates meet the changes of

the times quickly, the new opportunities and lending products will also meet the changes of the times.

RD: If you're a successful broker, you're usually moving very quickly, and you're moving from transaction to transaction. The biggest opportunity is really to slow down, focus on your existing database and reconnect with your clients. The piece I'm really enjoying are the check-in calls, which are not transaction-focused. I'm grateful for the opportunity to check in with existing clients to see how they're doing or to educate them about what is happening. Take this as a time to re-establish those relationships and strengthen them to lay the groundwork for future transactions.

For lenders, I think this situation has made it necessary to look at longevity of income and



really reassess clients' ability to carry a mortgage. Even with the stress test, with the amount of momentum we were seeing in the market earlier this year, it felt like people were trying to keep up with the volume. I think everyone has been forced to slow down and mindfully evaluate client applications.

DB: There's so much information out there right now that's coming at everyone not just at a fast pace, but also wrapped up in so much fear and concern. As sounding boards, mortgage advisors can help clients make decisions from a place of perspective and explore the right financing tools to use, given the client's immediate needs and future dreams.

More important than ever, brokers need to stay in touch with their clients by picking up the phone, checking on how clients are doing, extending a helping hand where needed and helping open clients' eyes to the options available to them at this time to enhance liquidity, cash flow and plan for the future. This is an opportunity for mortgage advisors to strengthen relationships with clients and lenders alike; we all need to support each other as an echo system to come up with solutions, stay strong and emerge from the crisis.

CMP: What role can you play in developing solutions or communicating opportunities to

your current or potential clients?

PVM: Share feedback with your trusted lenders – not nitpicking, but bigger-picture strategy for making products more appealing, more saleable. Communicate with your clients, past and present. Help your clients embrace technology and new tools such as credit information like Borrowell or helping people learn how to use Zoom.

online – is key, especially now, when clients are looking for guidance, comfort and trusted advice. While frequent communication is key, compassion and being respectful of clients' time – due to their increased workload in some cases and dealing with a lot more at home – can also go a long way.

RD: I've been leveraging social media as an educational platform to help keep my clients,

“Mortgage brokers play a pivotal role at these times in helping clients make financial decisions from a place of perspective and with facts. We can help clients understand the evolving environment and their available options” *Dalia Barsoum, Streetwise Mortgages*

DB: Mortgage brokers play a pivotal role at these times in helping clients make financial decisions from a place of perspective and with facts. We can help clients understand the evolving environment and their available options, given the changing landscape and the changes in their personal circumstances.

Relevant and frequent communication through all channels – phone, email and

brokers and Realtors up to date with the ever-evolving nature of our business. Having the opportunity to educate our clients, especially in times of uncertainty, is the backbone of our business. By keeping our clients apprised of changes in the industry and how they affect their financial longevity, we're making our lenders' jobs easier and creating secure, long-term relationships all around. **CMR**

cnarea.ca



DAR DAC



Home of the
Best Appraisers in Canada