

Do you have control of your financing?

Rates currently available for CMHC insured apartment mortgages make these types of loans the automatic choice for many borrowers. However, CMHC is busy with the volume this creates and delays in processing occur. Many borrowers express frustration at the pace of the financing process. However, I often see situations where delays occur but are entirely avoidable.

In the approval process, the lender will ask for financial and other information that relates to the borrower - net worth, liquid assets, real estate experience and, more specifically for the clients of Mysak Realty, experience managing apartment buildings. These are standard requests for information that help inform the lender's (and CMHC's) approval decision and they exist for two reasons:

1. Lenders need to be satisfied that they are dealing with borrowers who have the ability and financial capacity to meet unforeseen expenses such as boiler replacement, plumbing failures, garage failure, etc. as well as the operational experience in dealing with tenants, municipalities, regulations, etc.
2. As a result of the recent global financial crisis, caused in large part by **lending practices** in the US, the current regulatory environment that Canadian lenders face is much more demanding than it was a few years ago. Active investors and borrowers are now probably familiar with anti-money laundering regulations. But are you aware that lending institutions can face substantial fines if loan files are not thoroughly documented? Accordingly, the due diligence associated with a loan approval has become more thorough.

Rather than view these information requests - which can be fairly exhaustive - as an additional layer of bureaucratic meddling, borrowers can embrace these requests as an opportunity to move their file along. If documentation required from borrowers does not arrive as requested, then the file processing bogs down and eventually stops. It is amazing how many final approvals are held up due to the failure by borrowers to supply information as requested. The delays add to the level of frustration experienced by borrowers. Some requests might not seem relevant to the deal at hand but are necessary in these times of increased due diligence in order to have the approval issued. A borrower can benefit by supplying complete documentation/information as quickly as possible.

Look at it this way. Deals have momentum. The way to keep it going is to ensure your lender has the all of the information from you that it needs to work with. It is good practice to use a lender that has substantial CMHC experience and is familiar with the CMHC process.

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