



Behdad Hosseini
Director
ASCEND MIC

■ Q&A

Private lending's phenomenal growth rate

Years in the industry
13

Best thing about the industry

"We can bring value to the table for our borrowers. They would not have been able to afford their primary residence if it hadn't been for someone like us. It makes me really happy when I see I can make a difference."

● **How are things in the private lending space right now?**

To be honest with you, I think it's a great time right now. The only problem is that market appreciation in the last 12 to 18 months has been really beyond expectations. I would categorize it as a little bit problematic because properties have appreciated at a higher rate than what we would have expected. So I think there's some element of speculation there, but at the same time, demand – especially for residential real estate – remains very healthy. So we do have some concerns with respect to valuations. For the most part, it's not a big problem. However, it is something that we're watching.

● **Are any challenges presenting themselves right now?**

The market for A lenders, meaning banks and larger financial institutions – their requirements are becoming increasingly difficult. As a result, the space for nonconforming or Alt-A mortgages is expanding. So we expect that the market will be growing at 30% to 35% per year in the alternative space as a result of all of those restrictions. Right now it's a small percentage of the overall market, but the growth rate is absolutely phenomenal.

● **So how do you compete in an increasingly crowded field?**

It's not yet that crowded. However, that's my expectation – that in a couple of years, there will be a lot of new players taking advantage of the growing marketplace. We are very much service-oriented. The communication with the broker channel has to be constant, on time and professional. With funding of the mortgages, we have a five-business-day guarantee where, when everything is finalized, we fund the mortgage within five business days. We also have a guarantee whereby we will provide an answer within four hours. If the answer is positive, within 24 hours we will issue a commitment. Essentially, we're trying to differentiate our brand by providing faster, better, more professional service.

● **Are there any greater economic trends particularly affecting the private lending space right now?**

We're out of Toronto, and there are around 85,000 people coming to this area every year. The demographic trend is definitely healthy. We have not faced any issues as a result of the price correction of commodities, so everything remains healthy here in southern Ontario. However, valuation is increasingly becoming a concern. It's not there yet, but it's something we're monitoring on a daily basis.

I think it's a great space to be in. We look forward to graduating to higher levels as our capital base increases over time and we attract more and larger investors. We look forward to becoming a much larger institution. Right now we have a limit of \$1 million, and we look forward to increasing that next year to \$2 million.




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