



MIC Fast Facts

- 532 investors (100% Canadian)
- 53.20% investors choose 8% per annum (pa) monthly dividend
- 46.80% investors choose to re-invest dividends
- 75.56% investing with registered funds (RRSP)
- 24.44% investing with open funds
- Corporate year end is June 30
- Target loan-to-value (LTV) for fund - 65%
- Current LTV for fund - 57.64%
- Average LTV residential - 57.25%
- Average LTV commercial - 61.87%
- 1st mortgages - 43.10%
- 2nd mortgages - 56.90%
- 3rd mortgages - 0%
- Residential mortgages - 95.40%
- Commercial mortgages - 4.60%
- BC mortgages - 25.70%
- Alberta mortgages - 68.03%
- Saskatchewan mortgages - 6.26%
- Mortgage in foreclosure - 1
- Foreclosure as a percentage of assets under management - 0.70%
- On track for 8-11% annual target return to investors in 11/12 – Yes

As of April 2, 2012. Loan to Value (LTV) percentages are based on independent third party appraisals performed in a reasonable time period prior to funding. Alta Pacific MIC does not currently hold mortgages with greater than 12 month terms. Appraisals are less than one year old and therefore the fund manager remains confident in the LTV stated.

Canadian big banks, the 2012 Federal Budget, and changing mortgage rules... What does this mean for Alta Pacific and its investors?

It means opportunity.

In these opening months of 2012, there has been a lot of talk regarding changes expected in the mortgage industry. The government of Canada has been expressing concerns about household debt levels and the ease for borrowers to attain credit, while the Canadian Mortgage Housing Corporation (CMHC) is nearing their \$600 billion insurance limit. Finance Minister Jim Flaherty and Bank of Canada Governor Mark Carney have both warned that Canadians have been accumulating too much debt as a result of a long period of low interest rates.

The build up to the 2012 Federal Budget included a lot of speculation that new mortgage rules would be announced. But on March 28th, Flaherty left the current regime of mortgage rules in place – leaving the maximum amortization cap at 30 years and the minimum down payment at 5%. For now, the rules – from the Federal Government perspective – will not change, but the possibility of tightening the insured mortgage market is still present and decisions will result from the constant evaluation of the markets.

Jim Flaherty said, *"We have bank executives in Canada going and saying 'really, the rules on insured mortgages should be tightened up.' They must forget that they are actually the ones that issue the mortgages. It's their market. It's not my market. They decide what they want to charge in interest rates."*

It is ironic how many major bank executives were seeking changes to mortgage rules from the government, yet the banks have the ability to implement their own mortgage rules within the government guidelines. Regardless, in recent weeks we have seen various lenders take action by restricting lending to new immigrants and the self-employed as well as tightening lending on loans for condominiums.

So, what are the implications and what does this mean for Alta Pacific? As a specialty lender, Alta Pacific connects with Canadians that do not fit the profile of Canada's big banks. In some cases, borrowers wish to use equity in their real estate holdings to purchase an asset or execute on a business opportunity or expansion. We call this Opportunity Lending as we help borrowers execute on opportunities they have in front of them. In other cases, a borrower simply wishes to purchase a home but does not fit within the new rules set out by big banks. Alta Pacific provides an alternative to these individuals and families. Naturally, as Canada's major banks change their lending guidelines; more borrowers will seek alternatives from Specialty Lenders like Alta Pacific. This spells opportunity!

Alta Pacific remains focused on lending in the specialty mortgage market in Canada; with a focus on the western provinces. We advance funds to borrowers backed by first and second mortgages and consider both residential and commercial opportunities. Our mortgage opportunities are sourced through mortgage brokers and direct applications. Mortgage terms are one year or less and rates are competitive with other specialty mortgage lenders.



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