



## RRSP Investors: The Best Dividend Stock in North America

### Description

**Atrium Mortgage Investment** ([TSX:AI](#)) is a [mortgage lender](#) that fills the lending gap caused by the limited number of financial institutions operating in Canada. The company lends in major urban centres where the stability and liquidity of real estate are high. Atrium Mortgage focuses on loans that cannot be placed with financial institutions but that represent an acceptable underwriting risk.

The company reduces risk by ensuring that the weighted average loan-to-value ratio of the mortgage portfolio does not exceed 75%. The interest rate earned on a typical loan in Atrium Mortgage's portfolio is between 7.75% and 10% per annum. Loan duration is usually one to two years with monthly interest-only mortgage payments.

Atrium Mortgage's strict lending parameters ensure that [mortgages on residential and commercial properties](#) are provided only up to a maximum of 75% of appraised value. Loans on single family residences are provided up to 75% of appraised value, mortgages on income-producing real estate are provided up to a maximum of 85% of appraised value and construction loans are provided up to a maximum of 90% of cost.

Mortgage loan amounts that the company underwrites are generally between \$300,000 to \$30 million. For loan amounts in excess of \$30 million, the company co-lends with financial institutions or private lenders. Atrium Mortgage is a qualified mortgage investment corporation and all mortgages are secured by residential and commercial real property located in Canada.

The types of properties the company finances include residential houses, residential apartment buildings, store-front properties, commercial properties, and residential and development sites. The company also provide short-term bridge financing for residential and commercial real estate.

Atrium Mortgage has shied away from underwriting non-conventional mortgages to mitigate risk and has an inexpensive price-to-earnings ratio of 13.98. The company has a price-to-book ratio of 1.16 and market capitalization of \$535 million. Performance metrics are stable with an operating margin of 82.52% and a return on equity of 8.73%.

In the Canadian mortgage finance industry, the larger financial institutions have tended to focus on

mortgage loans that comply with restrictive lending criteria of Canadian banks. As a result of the focus of large financial institutions on limited types of mortgage loans, Atrium Mortgage has managed to exploit opportunities due to the general lack of competition.

Borrowers that do not meet the rigid underwriting criteria of banks have found it more difficult to obtain financing from traditional financial institutions, regardless of loan-to-value ratios or security offered. Financial institutions are very conservative and focus on the highest quality of income producing properties with large real estate investors.

Many financial institutions only underwrite loans of \$5 million or greater. As a result, Atrium Mortgage has been able to find lending opportunities by providing first and second mortgage financing on all other types of income producing properties.

Atrium Mortgage has done well to grow shareholder equity and to provide investors with stable and secure dividends from investments in mortgage loans within the criteria mandated for a mortgage investment corporation. The company has worked within conservative risk parameters and maximized income and dividends through the efficient management of mortgage investments.

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1. Dividend Stocks
2. Investing

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