



# Your RRSP Mortgage NALM

You can use funds from your registered retirement savings plan accounts to fund your own mortgage! You become both the “mortgagor” and the “mortgagee”! Basically it is a non-arm’s length mortgage (NALM) whereby you lend yourself your own mortgage. It sounds unusual, but it can be done and the benefits for those who can do this are several.

There are rules that need to be followed; two key points: (1) the mortgage has to be insured by either CMHC or a private insurer and (2) it has to be administered by a lender approved by the National Housing Act. The mortgage, notwithstanding it is from you to you, has to be legitimate.

The benefits are several:

- You pay yourself interest instead of a financial institution
- The RRSP benefits from the interest costs.
- Monthly mortgage payments that repay the RRSP loan with interest do not count as contributions and you can still take advantage of maximum contribution room.
- It provides a low risk investment with predictable returns

Setting up a Non Arm's Length Mortgage has many variables to consider and rules that need to be followed. There are also costs associated with setting up a NALM and these need to be weighed against the benefits to make sure that this option is right for you.

*I'd be happy to review your situation and take a look at your mortgage needs to help determine the best course of action.*



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