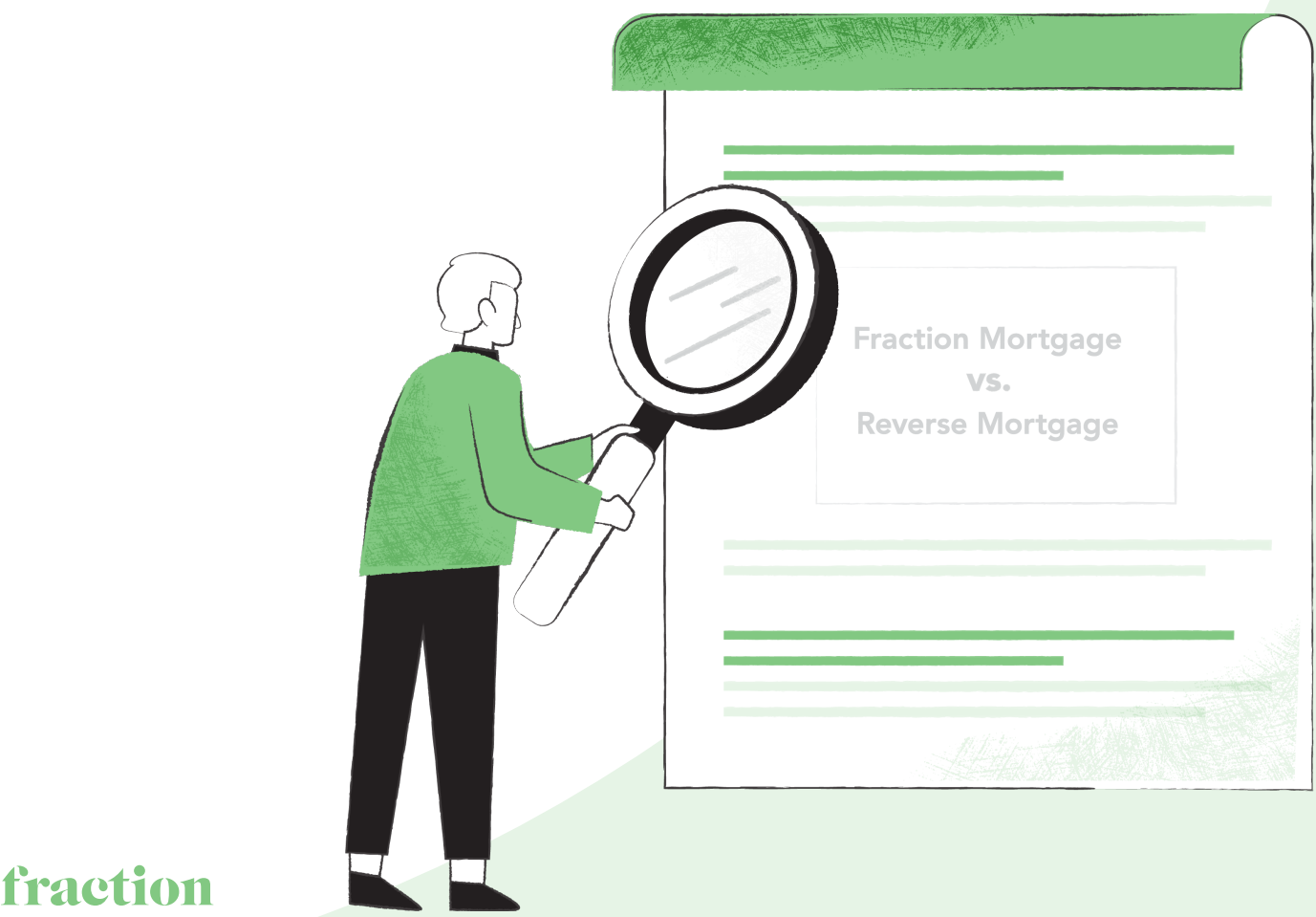


Fraction Mortgage vs. reverse mortgage

Comparing two products that allow Canadians to unlock home equity with no monthly payments.



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	Fraction Mortgage	Reverse Mortgage
Age requirements	No age restrictions.	Must be 55 years or older.
Qualifying properties	Primary residence only. Must remain in the home.	Primary residence only. Must remain in the home.
Credit score and income	Minimal income requirements. A fair credit score is required (640+). Must prove that you can cover property taxes, insurance, and other ownership expenses.	No income or credit score requirements. Must prove that you can cover property taxes, insurance, and other ownership expenses.
Receiving your funds	Funds are received as a lump-sum payment at the beginning of the term.	Option to receive funds in monthly payments, or as a lump sum.
Interest rates	Click here to see our latest terms, rates and LTV	Fixed or variable rates are available. Variable-rate mortgages are tied to the prime rate.
Payment schedule	No monthly payments. The loan is due at the end of the term with the opportunity to refinance. The loan becomes due if you fail to pay property taxes or insurance. Note that refinancing is subject to appraisal and a 1% refinancing fee.	No monthly payments. However, if you leave your home for more than 6 months (even for medical reasons), fail to pay property taxes or insurance, or your home is not maintained correctly, your loan becomes due.
Risk protection	The amount owed will never be more than what your home is worth, even if the balance exceeds the home value.	The amount owed will never be more than what your home is worth, even if the balance exceeds the home value.
Early repayment	No exit penalties. Fully Open	Early repayment incurs a penalty.

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Your questions. Our answers.

Which is cheaper?

It depends. Reverse mortgages and Fraction Mortgages have comparable origination fees and closing costs, including the cost of an appraisal. However, reverse mortgage lenders do charge a penalty if the loan is paid back too early.

Which gets you funds faster?

It depends. Reverse mortgages and Fraction Mortgages require a home appraisal, underwriting, and conveyancing to process fully.

With a streamlined application, Fraction Mortgages may get the edge as a digital-first lender. Fraction processed files in as little as 3 to 4 weeks.

Which is right for me?

Reverse mortgages and Fraction Mortgages both have their advantages and disadvantages.

As a general rule of thumb, a reverse mortgage is preferred for homeowners who want a guaranteed interest rate regardless of the high cost or equity depletion and are comfortable with giving up their home once they move out or pass on.

A Fraction Mortgage, on the other hand, is a more flexible option for homeowners who want more money upfront — especially younger borrowers. With more open qualifications, no age restrictions, shorter terms, and no exit penalties, a Fraction Mortgage gives you the flexibility to leverage your equity with no monthly payments — all without locking you into a long-term commitment.



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