

Customer profile, underwriting policies and use of funds

January 2024

Is Fraction right for your client?

Best fit

Low LTV
Homeowners with lower LTV's are more likely to qualify and realize the full benefits of a Fraction Mortgage.

Click here to see our latest terms, rates and LTV

Considering a reverse mortgage
Similar benefits to a reverse mortgage, such as no monthly payments, but with more flexible terms.

Planning to eventually downsize
Fraction helps homeowners increase their quality of life in the years leading up to downsizing.

Anticipating improvement to financial situation
Fraction can lower the cost of servicing debt, giving borrowers room to improve their position.

Irregular income
If an applicant is self-employed and/or has an irregular income, Fraction will use alternative means to verify income, such as savings or investments.

Low income
We only verify income to ensure the borrower has sufficient funds to cover home related expenses and other debt obligations, making this a great option for those on a pension or disability income, or social security.

Poor fit

High LTV
Alternative: HELOC, home equity loan

Wants a fully amortizing loan
Alternative: cash-out refinance

Looking for a second lien
Alternative: home equity loan or second-lien HELOC

Term length matters more than keeping equity
Alternative: reverse mortgage



Best use of funds

Home improvements
No monthly payments allow borrowers to optimize cash flow during costly renovations.

Debt consolidation
Fraction has helped borrowers lower their debt-to-income by as much as 50%.

Investment
Borrowers can diversify their home investment into new assets and income sources.

Retirement
Retirees can use the Fraction Mortgage to supplement income, fund long-term insurance, or buy annuities.

Buying a new property
Use funds for a purchase or down payment on a second home or rental property.

Medical debt
Access funds to pay down the debt without the pressure of a monthly payback schedule.

Dividing property
In a divorce, taking out a Fraction Mortgage allows one party to buy out the other.



Eligibility & underwriting guidelines

Loan amounts	Maximum loan amount: \$1,500,000
Age requirements	18+
Property type	Primary residential freehold: <ul style="list-style-type: none">• Detached• Semi-detached• Townhomes• Condos
Use of proceeds	No restrictions
Loan position	Must be secured in First Priority or First Position <ul style="list-style-type: none">• The homeowner can use the proceeds of the loan to payoff existing debt secured by the property
Terms, Rates & LTV	Click here to see our latest terms, rates and LTV
Lender Fee	3% of total loan amount
No prepayment penalties	
Loan Purpose	Home equity release, refinance, purchase Minimum square footage: house is > 1200 sq./ft. above grade, condo is > 500 sq./ft.
Charge Type	Standard
Minimum Credit Score	Minimum 640