



Fractional Real Estate and Lending

by Aric Saunders
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Fractional Real Estate is an old concept but is just now catching on in popularity around the country. You can find fractionals in some of the top resort destinations in the world including, Vail, Aspen, Lake Tahoe and Maui.

Fractional ownership allows the owner to purchase 4 to 12 weeks per year in an upscale resort property with lower costs than full ownership. It is the perfect opportunity for someone who wants to own a beautiful home on the beach or a luxury condo in Maui, but can't justify the costs for only 4 weeks of vacation a year.

Many fractionals include every amenity you desire including chauffer service, concierge, grocery shopping, and more. On top of this, fractionals are typically hassle-free in that all cleaning, maintenance and management of the property are handled by a specific management company. This allows the owner to focus on their vacation and nothing else.

In the past, fractional ownership was limited to the very wealthy due to the price of fractionals and a lack of financing options. Due to their unique nature, financing did not exist on fractional units. Buyers would have to either pay cash or take out a line of credit against their primary residence to pay for the unit.

However, today, there are a growing number of lenders who will lend on fractional units at very competitive pricing. By placing 20% - 25% of the sales price as a down payment, we are now able to offer 3, 5, 7 and 10 year adjustable rate mortgages for fractional units. With these new financing programs, we can expect to see a boom in fractional real estate units available across the country, and especially here in Maui.

To streamline the mortgage process, Coldwell Banker Island Properties offers its own in-house lending program provided by Aric Saunders at Pacific Island HomeLoans. For further information on financing in Hawaii, please call Aric at 808.298.1621.



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