

# 2-1 TEMPORARY BUY DOWN

## Don't Let Interest Rates Stop You From Achieving Homeownership



**A Temporary Interest Rate Buydown** allows qualified borrowers to reduce their monthly payment during the early years of the mortgage. The interest rate and mortgage payments are reduced for the first couple of years as the result of a lump sum of money deposited into a buydown account.

The buydown funds are then used to reduce the borrower's payments each month, and the borrower's rate & payments increase annually until the full amount is reached at the end of the buydown period. The borrower may obtain the buydown funds from various sources such as the lender, property seller, or other interested parties.

In the below example case of a 2-1 BUYDOWN, the borrower's interest rate is reduced by 2% during the first year then reduced by 1% in the second year before returning to the full notes rate & payment in year three.

**Loan Amount \$400,000**  
**Note Rate 8 %**  
**APR 8.308 %**

Year	Interest Rate	P & I	Buydown Funds
1	6%	\$2,398	\$546.25
2	7%	\$2,661	\$278.64
3-30	8%	\$2,935	\$0.00
<b>Total Buy Down Funds:</b>			<b>\$ 9,898.80</b>



\*Scenario is based on a \$479,000 purchase price, 8.125%, 30 year fixed conventional, 20% down with a 720 Credit Score. The Annual Percentage Rate is subject to change at any time without notice. The rate posted may vary depending on past credit history, down payment, and approximate term. All loans are subject to approval. Terms and Conditions may apply.



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