



BUYDOWN LOAN OPTION: Enjoy Reduced Payments for the First Two Years*

What is a buydown?

A 2-1 buydown is a type of financing option that lowers the interest rate on a mortgage for the first two years before it rises to the regular, permanent rate on as reflected on your mortgage note.

The interest rate on a 2-1 buydown is two percentage points lower during the first year and one percentage point lower in the second year.

Similarly, the 1-0 buydown option offers 1 percentage point lower in the first year and rises to the regular, permanent rate.

How does it work?

Sellers, including home builders, may agree to offer a buydown as an incentive for potential home buyers.

The seller or home builder will pay for the temporary interest rate reduction as a part of the seller's closing cost, allowing the home buyer to enjoy a reduced monthly payment for the first two years on a 2-1 buydown or first year on a 1-0 buydown.

Example: 2-1 Buydown:

On a \$450,000 loan with an interest rate of 6.5% and an annual percentage rate (APR) of 6.851%, the estimated monthly principal and interest payment would be \$2,844.31. After a temporary 2-1 buydown of \$10,241.88, here's what the monthly payments would look like for the first two years, before it rises to the regular monthly payment after the third year:

Year	Interest Rate	Estimated Monthly Principal + Interest
1	4.5%	\$2,280.08
2	5.5%	\$2,555.05
3-30	6.5% / 6.851% (original note rate / APR)	\$2,844.31

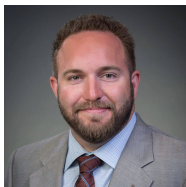
Example: 1-0 Buydown:

On a \$450,000 loan with an interest rate of 6.5% and an annual percentage rate (APR) of 6.851%, the estimated monthly principal and interest payment would be \$2,844.31. After a temporary 1-0 buydown of \$3,471.12, here's what the monthly payments would look like for the first year, before it rises to the regular monthly payment after the second year:

Year	Interest Rate	Estimated Monthly Principal + Interest
1	5.5%	\$2,555.05
2-30	6.5% / 6.851% (original note rate / APR)	\$2,844.31

Monthly payments do not include property taxes, property insurance, and homeowners' association dues. your actual payment obligation will be greater.

* **ELIGIBILITY:** These options are available on a purchase loan of a primary residence with fixed rate mortgages. Eligible property types include Single Family, PUD, and Condos. Available on Fannie Mae, Freddie Mac, FHA, VA, or USDA loans. Terms available are 12 months and 24 months (1-0 or 2-1). Borrower must qualify based on note rate. Initial interest rate is temporarily reduced by no more than 2% below the note rate and increased by no more than 1% annually for no more than 2-years. Standard interested party contribution guidelines apply.



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