

TEMPORARY RATE BUY DOWNS FAQs



A Temporary Buydown makes payments more affordable for the first one to two years of the mortgage.

BUYER BENEFITS:

- Allows buyer to ease into homeownership by paying below fixed-rate payments
- Does not increase the buyer's loan amount. The loan amount amortizes as a standard fixed-rate loan.
- Safe way to take advantage of lower payments in a rising rate environment

SELLER BENEFITS:

- Seller concessions can help a home sell faster in buyer markets!
- Price Reductions might be costlier than a seller concession
- Innovative "Good Will" to support a new homeowner adjusting to homeownership

→ Buydown Options

2/1 BUYDOWN:

- Payment calculated at 2% below the Note Rate for the 1st year
- Payment calculated at 1% below the Note Rate for the 2nd year
- Payment Calculated at the Note Rate for the years 3-30

1/0 BUYDOWN:

- Payment calculated at 1% below the Note Rate for the 1st year
- Payment Calculated at the Note Rate for the years 2-30

→ Qualification Highlights

- Conventional (conforming and high-balance), FHA, and VA Loans are all eligible
- 30-Year Term
- Owner-Occupied / Principal Residence Purchase Transactions Only
- Must be a 1-Unit Single Family Home, Condo/Townhome, or PUD
- Seller or Builder must fund the cost of the buydown - Borrower cannot fund their own buydown

Example / Assumptions:

2/1 Buydown - Loan Amount \$700,000 - Note Rate 6.5% - 30 Year Loan

Year of Loan	Note Rate	Buydown Rate	P&I	Monthly Payment Reduction	<u>Potential Savings to Buyer over First Two Years</u>
1st Year	6.50%	4.50%	\$3,546.80	\$877.68	= \$15,931.59
2nd Year	6.50%	5.50%	\$3,974.52	\$449.95	
3-30 Years	6.50%	6.50%	\$4,424.48	\$0.00	

*The information provided has been based on rules and regulations issued by Federal Agencies and interpreted for you by MortgageCurrentcy.com. Interpretations are not guaranteed but we attempt to make them easy to understand. This not an offer to lend. This is not a commitment for a loan, nor is it a guarantee of specific rates &/or terms. Financing is subject to underwriting review and approval, including but not limited to clear and marketable title, homeowner's insurance, verification of financial condition(s), and creditworthiness.

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