

Temporary Interest Rate Buydowns



Helping Home Buyers Ease Into Homeownership

GRC[®]
GREEN RIVER CAPITAL

Buying with Benefits

Power to the purchaser.

By reducing their interest rate burden before mortgage payments even start, a temporary interest rate buydown allows buyers to ease into homeownership. Here's what else buyers can look forward to:

- ◆ **No increased loan amount**
- ◆ **Lower out-of-pocket costs amidst rising rates for up to three years**
- ◆ **Qualifying credit scores as low as 580**
- ◆ **Freedom to apply closing credits in a more convenient way**

Successful selling

In a turbulent market, selling can take on a more competitive nature. In that environment, sellers may offer credits to attract additional buyers. Those credits and concessions can be used for our buydown program, allowing sellers to benefit from:

- ◆ **The potential for a quicker sale**
- ◆ **Cheaper credits compared to price reductions**
- ◆ **Supporting new homeowners adjusting to higher payments**

How it works.



Enter escrow.

Whatever funds are used to purchase the buydown rate are placed into an escrow account, then distributed by the lender over the program's term to "offset" or lower the buyer's monthly payment. Essentially, the interest is being pre-paid and applied to the buyer's monthly mortgage payment, temporarily reducing the actual amount paid by the buyer.

Once the buydown term ends and the escrowed funds are exhausted, the buyer resumes payments based on the original note.

Keep in mind.

With a temporary interest rate buydown, the borrower's loan is still being paid as any 30-year fixed-rate mortgage would be. That means they're qualified for the full mortgage amount, not the lowered monthly payment.

If a borrower decides to refinance during the buydown's "eligibility window," or before the entire escrowed credit is applied, the remainder would be applied toward the loan's unpaid principal balance.

Comparing the **cost-savings.**

There are numerous options that allow borrowers to lower their interest rate and payment over time.

Here’s a quick comparison:

Permanent Buydown	This strategy is also known as “buying points,” where borrowers pay cash or use credits to fractionally reduce their quoted interest rate for the life of the loan.
1-0 Buydown	With a 1-0 buydown, borrowers pay a lower interest rate over the first year in return for an up-front payment to the lender. The interest rate is reduced by 1% in the first year.
1-1 Buydown	With a 1-1 buydown, borrowers pay a lower interest rate over the first two years in return for an up-front payment to the lender. The interest rate is reduced by 1% in the first year and second year.
2-1 Buydown	This option allows borrowers to apply closing credits from sellers and builders to pay for two years of interest savings upfront, represented as a 2% savings in the first year and a 1% savings the second year.
3-2-1 Buydown	Much like the 2-1 buydown, this option allows borrowers to pay for up to three years of interest upfront by using seller or builder closing credits. Here, savings equate to 3% in the first year, 2% the following, and 1% during the final year.



A photograph of a man and a woman sitting at a table, looking at a laptop and some papers. The woman is pointing at a document. There are two coffee cups on the table. The background is a bright room with a window and a plant.

Your Savings Start In

3-2-1

GRC proudly offers temporary interest rate buydown programs in 1-, 2-, and 3-year increments, essentially offering buyers a unique opportunity to lower their monthly mortgage payments.

Generally, this is done by leveraging cash or closing credits offered by sellers or builders to fund a portion of their interest payments upfront.

1-0

Temporary Buydown

If a home buyer qualifies for and chooses our **1-0 Temporary Buydown**, a portion of the monthly mortgage payment for interest is paid from the aforementioned escrow account **over the first year of ownership**, lowering the buyer’s out-of-pocket monthly payment. The savings translate to 1% off the original quoted interest rate.

Afterward, the homeowner would pay their original quoted rate for the remainder of their term.

Funding Sample

Loan Amount: **\$687,200**
Interest Rate: **6.50%**
Note P&I: **\$4,320.17**

	Interest Rate	Principal & Interest	Escrowed Payment	Total x12
Year 1	5.50%	\$3,884.04	\$436.13	\$5,233.56
			Total Buydown Funds Required for Escrow	\$5,233.56
Year 2-30	6.50%	\$4,320.17	N/A	N/A

*This sample calculation is for informational purposes only and reflects an example buydown payment for Principal and Interest only for 30 years. Your loan amount, interest rate and buydown payments may vary based on eligibility and qualification at the time of loan application. Sample payments do not include taxes and insurance premiums so actual payment will be greater.

1-1

Temporary Buydown

If a home buyer qualifies for and chooses our **1-1 Temporary Buydown**, a portion of the monthly mortgage payment for interest is paid from the aforementioned escrow account **over the first two years of ownership**, lowering the buyer’s out-of-pocket monthly payment. The savings translate to 1% off the original quoted interest rate over two years.

Afterward, the homeowner would resume payments at their original quoted rate for the remainder of their term.

Funding Sample

Loan Amount: **\$687,200**
Interest Rate: **6.50%**
Note P&I: **\$4,320.17**

	Interest Rate	Principal & Interest	Escrowed Payment	Total x12
Year 1	5.50%	\$3,884.04	\$436.13	\$5,233.56
Year 2	5.50%	\$3,884.04	\$235	\$5,233.56
			Total Buydown Funds Required for Escrow	\$10,467.12
Year 3-30	6.50%	\$4,320.17		N/A

*This sample calculation is for informational purposes only and reflects an example buydown payment for Principal and Interest only for 30 years. Your loan amount, interest rate and buydown payments may vary based on eligibility and qualification at the time of loan application. Sample payments do not include taxes and insurance premiums so actual payment will be greater.

2-1

Temporary Buydown

If a home buyer qualifies for and chooses our **2-1 Temporary Buydown**, a portion of the monthly mortgage payment for interest is paid from the aforementioned escrow account **over two years**, lowering the buyer’s out-of-pocket monthly payment. The savings translate to:

- ◆ 2% in the first year
- ◆ 1% in the following year

After the two years, the homeowner would pay their original quoted rate for the remainder of their term.

Funding Sample

Loan Amount: \$687,200
Interest Rate: 6.50%
Note P&I: \$4,320.17

	Interest Rate	Principal & Interest	Escrowed Payment	Total x12
Year 1	4.50%	\$3,468.93	\$851.24	\$10,214.88
Year 2	5.50%	\$3,884.04	\$436.13	\$5,233.56
			Total Buydown Funds Required for Escrow	\$15,448.44
Year 3-30	6.50%	\$4,320.17	N/A	N/A

*This sample calculation is for informational purposes only and reflects an example buydown payment for Principal and Interest only for 30 years. Your loan amount, interest rate and buydown payments may vary based on eligibility and qualification at the time of loan application. Sample payments do not include taxes and insurance premiums so actual payment will be greater.

3-2-1

Temporary Buydown

If a home buyer qualifies for and chooses our **3-2-1 Temporary Buydown**, a portion of the monthly mortgage payment for interest is paid from the aforementioned escrow account **over three years**, lowering the buyer’s out-of-pocket monthly payment. In this option, the savings equate to:

- ◆ 3% in the first year
- ◆ 2% in the second year
- ◆ 1% in the final year

After the three years, the homeowner would pay their original quoted rate for the remainder of their term.

Funding Sample

Loan Amount: **\$687,200**
Interest Rate: **6.50%**
Note P&I: **\$4,320.17**

	Interest Rate	Principal & Interest	Escrowed Payment	Total x12
Year 1	3.50%	\$3,076.86	\$1,243.31	\$14,919.72
Year 2	4.50%	\$3,468.93	\$851.24	\$10,214.88
Year 3	5.50%	\$3,864.04	\$436.13	\$5,233.56
			Total Buydown Funds Required for Escrow	\$30,368.16
Year 3-30	6.50%	\$4,320.17	N/A	N/A

*This sample calculation is for informational purposes only and reflects an example buydown payment for Principal and Interest only for 30 years. Your loan amount, interest rate and buydown payments may vary based on eligibility and qualification at the time of loan application. Sample payments do not include taxes and insurance premiums so actual payment will be greater.

Eligibility Education.

Currently, only Conventional, FHA, and VA loans are eligible for our Temporary Buydown Program. Here are some other important notes to consider:



- ◆ Only primary residences (1-4 unit dwellings) are allowed
- ◆ Available only for fixed-rate purchase transactions or Conventional loan refinances
- ◆ Borrower's qualification and underwriting approval are based on the undiscounted note rate
- ◆ Manufactured housing is now eligible
- ◆ Can be combined with low down payment programs like Home Possible® and HomeReady®

Asked and Answered.



At what interest rate do we qualify the borrower?

The borrower is qualified at the note rate, not the reduced buydown rate(s).

If a loan is paid off during the temporary buydown period, what happens to the remaining funds?

The funds in the buydown deposit are non-refundable unless the mortgage is paid off before all those funds have been applied. Any remaining and undistributed funds from the deposit are credited to the unpaid mortgage balance before the buydown deposit is exhausted. If the loan program allows, the funds may be returned to the borrower.

Will the borrower's mortgage statement show that the monthly buydown funds are being applied?

Yes, the statement will reflect these funds.

Your Journey starts here

Together, we'll get you home.



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APPLY NOW

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