

2-1 BUYDOWNS



WHAT IS A 2-1 BUYDOWN?

WITH A 2/1 BUYDOWN LOAN, HOMEBUYERS CAN FINANCE A HOME WITH A MORE MANAGEABLE PAYMENT THAT GRADUALLY RISES OVER THE COURSE OF TWO YEARS.

WHO PAYS FOR IT?

THESE ARE TYPICALLY FUNDED BY THE BUILDER, SELLER, OR REALTOR, WHICH WILL BE STATED IN AN AGREEMENT. IT IS NEGOTIATED THROUGHOUT THE OFFER STAGE, AND PAYMENT IS MADE AT CLOSING AS A SELLER'S CONCESSION.

WHO DOES IT BENEFIT?

BY ALLOWING BORROWERS TO BUY A NEW HOUSE WITH REDUCED MONTHLY MORTGAGE PAYMENTS FOR THE FIRST TWO YEARS AND THEN TRANSITION TO THE FULL PAYMENT BASED ON THE NOTE RATE AMOUNT AFTER THAT, A 2/1 BUYDOWN HELPS THE BORROWERS MANAGE THEIR NEW HOUSING COSTS GRADUALLY.

LOAN SCENARIO / EXAMPLE:

Loan Amount:

Note Rate:

Buydown Calculator

Note Principal &
Interest Payment:

1st Year Rate:
P& I Payment:

2nd Year Rate:
P& I Payment:

Total Buydown
Funds