



How a 2-1 Buydown Mortgage Works

To learn more about the 2-1 buydown mortgage, contact:



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With a 2-1 buydown mortgage, the borrower temporarily pays a lower interest rate for the first two years of their mortgage:

- 2% less in the first year
- 1% less in the second year
- Permanent rate from the third year on

For example, if the permanent interest rate for a 30-year fixed-rate loan is 7.75%, the borrower will pay 5.75% during the first year, 6.75% in year two, and 7.75% for the remaining 28 years.

There is an up-front cost associated with the 2-1 buydown, but in most cases, the cost is covered by someone other than the homebuyer. For example, sellers (including home builders) might offer a 2-1 buydown as an incentive to prospective homebuyers.

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