



## FHA 3-2-1 Buy down

\$244,950 sales price, \$240,513 loan amount

	<b>Interest Rate</b>	<b>Principal &amp; Interest</b>	<b>Total Payment (PITI)</b>
Year 1	1.25%	801.51	1,293.03
Year 2	2.25%	919.35	1,410.86
Year 3	3.25%	1,046.73	1,538.24
Year 4	4.25%	1,183.18	1,674.69
Year 5	Fixed	No change	See below

A buy down is a fixed rate loan with a reduction of interest rate for the first one or two years. This loan is a 3-2-1 buy down. This means that the interest rate is reduced 3% the first year 2% during the second and 1% during the third. The cost of this three year rate reduction is \$9,383. The cost is the difference between the 1st and 4th year loan payment for the first 12 months, plus the difference between the 2nd and 4th year and then the 3rd and 4th for the last year.

The cost of the buy down is added to your closing costs. You receive the amount back in reduced payments during the buy down period. If the loan is paid off during the buy down period, unused buydown funds would be applied as a principal reduction to the existing loan balance.

The principal & interest payments are normal calculations. Total payments are based on current estimates of taxes and insurance and could change with the future value of your home. Please refer to the attached payment overview or closing cost breakdown for APR information. NMLS#, 444444x

If you have any questions, or would like to discuss additional financing options, please call Thor at 925 754 7444.