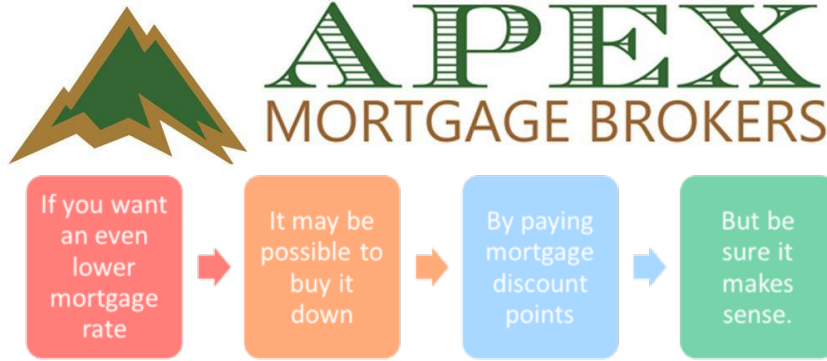


Example of Buying the Rate Down on a Conforming Loan



How Buying Down Your Mortgage Rate Works

- When you apply for a home loan you'll be given the opportunity to buy down your rate
- This requires paying mortgage discount points out-of-pocket at closing
- These points are a form of prepaid interest that reduce your interest rate
- It's totally optional and ultimately boils down to whether you want an even lower rate

Conforming Loan
Fannie Mae & Freddie Mac

Loans Up To \$647,200

Loans High are either Conforming HB or Jumbo Loans
Depending on County

\$647,200 Loan

	INTEREST RATE	FINAL PRICE AFTER COMPENSATION (% RATE / \$ AMOUNT)	P & I	MI (FACTOR / AMOUNT)	PAYMENT	COST TO BUYDOWN RATE	MONTHLY SAVINGS OVER THE NEXT RATE	MONTHLY SAVINGS OVER THE PAR RATE	NUMBER OF MONTHS TO BREAK EVEN	NUMBER OF YEARS TO BREAK EVEN
THESE ARE THE RATES YOU CAN CHOOSE FROM & THE COST TO BUY DOWN YOUR RATE	4.625	\$20,451.52	\$3,327.51	0.00 / \$0.00	\$3,327.51	\$20,451.52	\$48.59	\$365.92	55.9	4.7
	4.750	\$17,442.04	\$3,376.10	0.00 / \$0.00	\$3,376.10	\$17,442.04	\$48.94	\$317.33	55.0	4.6
	4.875	\$13,248.18	\$3,425.04	0.00 / \$0.00	\$3,425.04	\$13,248.18	\$49.27	\$268.39	49.4	4.1
	5.000	\$9,843.91	\$3,474.31	0.00 / \$0.00	\$3,474.31	\$9,843.91	\$49.61	\$219.12	44.9	3.7
	5.125	\$7,708.15	\$3,523.92	0.00 / \$0.00	\$3,523.92	\$7,708.15	\$49.94	\$169.51	45.5	3.8
	5.250	\$6,284.31	\$3,573.86	0.00 / \$0.00	\$3,573.86	\$6,284.31	\$50.27	\$119.57	52.6	4.4
	5.375	\$3,449.58	\$3,624.13	0.00 / \$0.00	\$3,624.13	\$3,449.58	\$50.60	\$69.30	49.8	4.1
	5.500	\$789.58	\$3,674.73	0.00 / \$0.00	\$3,674.73	\$789.58	\$18.70	\$18.70	42.2	3.5
The "PAR" Rate	5.546	\$0.00	\$3,693.43	0.00 / \$0.00	\$3,693.43	\$0.00	\$0.00	\$0.00	0	0
YOU GET A LENDER CREDIT FOR THESE HIGHER RATES TO COVER CLOSING COSTS	5.625	-\$1,339.70	\$3,725.65	0.00 / \$0.00	\$3,725.65					
	5.750	-\$3,617.85	\$3,776.88	0.00 / \$0.00	\$3,776.88					
	5.875	-\$5,643.58	\$3,828.43	0.00 / \$0.00	\$3,828.43					
	5.999	-\$8,154.72	\$3,879.87	0.00 / \$0.00	\$3,879.87					
	6.000	-\$8,148.25	\$3,880.29	0.00 / \$0.00	\$3,880.29					
	6.125	-\$9,423.23	\$3,932.46	0.00 / \$0.00	\$3,932.46					
	6.250	-\$12,756.31	\$3,984.92	0.00 / \$0.00	\$3,984.92					
	6.375	-\$14,277.23	\$4,037.69	0.00 / \$0.00	\$4,037.69					
	6.5	-\$14,562.00	\$4,090.74	0.00 / \$0.00	\$4,090.74					

The average duration of homeownership is **18 years**. Among homeowners who sold their homes in the third financial quarter of 2021, the average tenure was 6.31% or 6 years, 3 months, and 22 days. 21.9% of homeowners moved into their home within the last 3 years. 81% of them live in detached, single-family homes. Nov 12, 2021

On loans that are conforming (Fannie Mae & Freddie Mac) you can "Recast" your loan if you make additional "principal reduction payments" above the required monthly payment. If you have made great than \$5,000 in additional principal payments you can reduce your monthly payments without needing to do an expensive refinance (Paying off your home faster)