AGM
CAPITAL MORTGAGE CORP.

"The right loan for you at the lowest cost to you."

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Who Should Buy Down and WHY

Buy Down:

Obtaining a lower interest rate (buying down the rate) by paying additional points to the lender. The lower rate may apply for the full duration of the loan or for just the first few years. A buy down may be used to qualify a borrower who would otherwise not qualify . This is because a buy down results in lower payments which are easier to qualify for.

At AGM, we will make you aware of the pros and cons before you make this important decision.

Buy Down PROS

- If you are not going to sell or refinance the home for a LONG term period, generally 5 years or longer, the Buy Down pays for itself.
  - $300,000 loan @ 5.625% 30 Years = $1726 mo.
  - $300,000 loan @ 5.375% 30 Years = $1679 mo.
- The difference of $47 will take 63 Payments to break even on the $3000 cost of the buy down. This fee is often tax deductible* bringing the break even point to approx. 46 payments.

Buy Down CONS

- If your client will sell or refinance sooner than the break even period, the Buy Down is a bad decision. Selling or refinancing will end up costing your client more.

* AGM recommends that you consult with your tax preparer to understand the points and/or fees that are tax deductible in a loan transaction for a purchase or home improvement refinance.

To further explore these and other important financing options, call and schedule a FREE, NO OBLIGATION loan evaluation meeting with one of our Mortgage Professionals.