

# InterestFirst™ Fixed-Rate Mortgage

For Informational and Educational Purposes Only

The InterestFirst Fixed-Rate Mortgage is a 30-year fixed-rate mortgage loan that offers you the opportunity to make lower, interest-only payments for the first 15 years. At the beginning of year 16, the monthly payments change to include principal as well as interest to fully amortize the loan over the remaining 15 years of the mortgage term.

Your interest rate remains fixed for the entire term of the loan.

With the InterestFirst Fixed-Rate Mortgage, you pay only the interest due each month for the first 15 years. Principal payments are allowed without penalty, and, if made during the interest-only period, will be reflected in a reduced interest payment due in the next monthly payment made during the interest-only period.

This mortgage may be ideal if you want the stability of a fixed rate over the entire life of the loan, but with lower monthly payments than a standard 30-year mortgage during the interest-only period. For example, with a 30-year fixed-rate InterestFirst loan at 8% on a loan amount of \$200,000, the monthly interest-only payment during the first 15 years is approximately \$134 lower than the monthly principal and interest payment for a fully amortizing 30-year fixed rate product at 8% on the same loan amount. You choose how to use the monthly cash flow difference each month: you can invest in other financial products, pay down the principal balance of the loan and reduce subsequent monthly payments, or pay down other debt. In short, you have greater control over your cash flow.

If you expect to be in your home for less than 15 years, you may want to consider an InterestFirst Fixed-Period Adjustable Rate Mortgage, which has payments based on a low, fixed rate for the first 5, 7, or 10 years, after which the interest rate adjusts annually and you make fully amortizing payments.

## Loan Features

- Interest-only payments are required for the first 15 years of the loan.
- Monthly payments increase after 15 years to include repayment of principal as well as interest.
- The loan is fully amortized over the remaining 15 years and is thus repaid at the end of the entire 30-year term.

## Considerations

- The InterestFirst Fixed-Rate Mortgage offers lower monthly payments during the interest-only period than a standard 30-year fixed-rate loan.
- By making a lower payment, you have greater control over your cash flow and can use or invest the difference as you choose.
- Payments after the interest-only period may be more than would be the case with a typical fixed-rate loan.

## Example

Here is a hypothetical example:

- \$100,000 purchase price
- 20% down payment

## InterestFirst™ Fixed-Rate Mortgage (cont'd)

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- 1% origination fee (including prepaid interest)
- 30-year fixed rate
- 15 years of interest only payments and 15 years of principal and interest payments based on a 15-year amortization schedule
- 8% interest rate
- 8.096% APR

The interest rate and APR shown are examples only and are not intended to represent actually available terms.

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