

Lower Your Rate  
With A Blended Mortgage!



## Blended Mortgage Rate FAQs

### What is the Blended Mortgage Rate?

The Blended Mortgage Rate is a promotional mortgage loan offered by IDB Global FCU. It allows members with an existing first-lien mortgage from IDB Global FCU to combine their current interest rate with a new market rate when purchasing a new home or taking cash out of their current home. This program creates a weighted average, often leading to a competitive blended rate that can reduce monthly payments.

### Blended Mortgage Rate: What are the Advantages?

- Lower Interest Rate Potential: Members can combine their current low mortgage rate with the current market rate, which may lead to a reduced interest rate on the new loan.
- Smooth Process: The program offers a streamlined process, making it easy for members to transition into a new home or cash out on their existing property.
- Flexible Financing: Enjoy the benefits of your current low-interest mortgage while doing cash-out refinancing or purchasing a new home.

### Who is eligible for the Blended Mortgage Rate?

Any Member of IDB Global Federal Credit Union with an existing first lien mortgage serviced by IDB Global FCU is eligible for the Blended Mortgage Rate promotion. Simply put, if you make your mortgage payment to IDB Global Federal Credit Union, you are eligible for a Blended Mortgage Rate. The program is exclusive to eligible members that are current mortgage holders with the IDB Global Federal Credit Union and cannot be transferred to the buyer if the home is sold.

### How does the Blended Mortgage work?

The Blended Mortgage Rate combines your current mortgage rate with the new market

rate for your new loan, the rate is calculated using a weighted average formula based on the loan amounts and interest rates of your existing and new loans. This blended rate is often lower than the current market rate alone, potentially reducing your monthly payments and saving you money on interest over the life of the new loan.

### **How is the Blended rate calculated?**

The Blended Mortgage Rate combines the current interest rate on your existing mortgage with the rate for your new loan. The rate is calculated using a weighted average formula based on the loan amounts and interest rates of your existing and new loans. After rounding, the final blended rate is compared to the minimum threshold of rate of 4%, if the calculated blended rate falls below 4%, the minimum rate of 4% will apply. If the blended rate exceeds this threshold, the higher rate will apply.

#### **Example1:**

Current Loan Balance = \$300,000 at 3.000%  
New Loan Amount (Cash-out) = 500,000 at 5.50%

Using the formula:

$$\text{Combined Weight Rate} = \frac{(\$300,000 \times 3.000) + (500,000 \times 5.500)}{(\$300,000 + \$500,000)}$$

Blended Rate = 4.469%, rounded up to 4.500%

Since this is above the 4.000% threshold, the Blended Rate of 4.500% applies.

#### **Example2:**

Current Loan Balance = \$500,000 at 2.500%  
New Loan Amount (Cash-out) = \$400,000 at 5.50%

Using the formula:

$$\text{Combined Weight Rate} = \frac{(\$500,000 \times 2.500) + (400,000 \times 5.500)}{(\$500,000 + \$400,000)}$$

Blended Rate = 3.833%, rounded up to 3.875%

Since this is below the 4.000% threshold, the Blended Rate will be 4.000%.

### **What is the minimum threshold rate for the Blended Mortgage Rate?**

The minimum threshold rate for the Blended Mortgage Rate is **4%**. This means that if the calculated blended rate based on the weighted average formula is lower than 4%, the final interest rate will default to 4% and if the blended rate exceeds this threshold of 4.000%, the higher rate will apply.

### **What is the term of the Blended Mortgage Rate?**

When using the Blended Mortgage Rate promotion, the new loan you apply for must have the same loan terms as your current first lien mortgage. If your existing loan at the time of origination was a 30-year fixed loan, then the new loan must also be a 30-year fixed loan, if your existing loan was a 5/1 adjustable-rate loan, then the new loan must

also be a 5/1 adjustable-rate loan. The Blended Mortgage Rate offer will originate a new 30-year fixed or 5/1 Adjustable-rate loan amortized over 360 payments.

### **Can I use the Blended Mortgage Rate program if I want a different loan program or amortization schedule than my original loan?**

Yes, you can use the Blended Mortgage Rate program even if you want to change the loan program or amortization schedule from your original loan. However, you will need to pay an exception fee of 2.000% points on the new loan amount or amortization term, plus all related fees based on the new terms of the loan. This fee covers the administrative costs associated with altering the loan program and amortization schedule.

### **Can I use the Blended Mortgage Rate for any type of property?**

No, this promotion applies to an owner-occupied fee simple single family 1–4-unit properties.

### **Can I use the Blended Mortgage Rate to purchase an investment property or second home?**

No, the Blended Mortgage Rate offer is for the purchase of a new primary residence or a cash-out refinance with a minimum cash-out of \$50,000 plus current mortgage balance and closing costs of your current home if applies. The new loan must be owner occupied. If your existing mortgage with IDB Global FCU was for an investment property or second home, it will not qualify for this program.

### **What are the fees associated with the Blended Mortgage Rate?**

- **Origination Fee:** A 1.000%-point origination fee applies to all loans under this program, whether for purchasing a new home or refinancing an existing one under the same program (e.g., current 5/1 ARM to new 5/1 ARM)
- **Exception Fee:**  
If switching to a different loan program (e.g., from an ARM to a fixed-rate loan and different term of the original loan), a fee of 2 points (2.000%) will apply instead of the regular 1.000%-point origination fee.
- **Standard Fees:** All applicable fees will apply, including but not limited to:
  - Title insurance
  - Appraisal fees
  - Credit report fees
  - Flood certification fees
  - Prepaid items (e.g., property taxes, homeowners' insurance)
  - Other associated costs
- **Rate Lock Payment:** A non-refundable fee of 0.125% of the loan amount is required to lock in the current mortgage rate for up to 90 days.

### **How do I apply for the Blended Mortgage Rate?**

To apply, use the application link provided in the email you received. Alternatively, you can visit our website at [idbglobalfcu.org](http://idbglobalfcu.org) and click "Apply Now," entering the promo code: BLEND2024 or contact one of our mortgage professionals to start the process.

**How long does the application process take?**

The length of the application process can vary depending on individual circumstances. However, IDB Global Federal Credit Union strives to handle applications efficiently within the 30 days'

timeframe. For a more precise timeline tailored to your situation, consult with your mortgage advisor. It's also advisable to get pre-qualified for a new mortgage before you start shopping.

**Can the Blended Mortgage Rate be combined with other mortgage products or programs?**

No, The Blended Mortgage Rate Loan is a specialized offer designed to blend rates. The Blended Mortgage Rate cannot be combined with any other offer.

**What documentation is required for the Blended Mortgage Rate application?**

The Blended Mortgage Rate is considered a new loan, and the borrower must qualify just as you would if you were applying for a mortgage loan to purchase a home. The following information is required as part of the application process.

- Proof of income and Assets
- Employment verification
- Credit history
- Details of your current mortgage with IDB Global Federal Credit Union
- Information about the new property you are purchasing

**When will this promotion expire?**

The Blended Mortgage Rate promotion will expire on 1/31/2025.

**When can I lock my new rate?**

Once you find a new property to purchase, you can lock your rate.

**Who can I contact for more information?**

For more information, you can contact IDB Global Federal Credit Union's lending department at 202- 623-3363 or [cu.lending@idbglobalfcu.org](mailto:cu.lending@idbglobalfcu.org) or visit our website at <https://idbglobafcu.org>.