

Lakewood HOME Program
Calculation of Match Contribution
(Which Results From the Loan Commitment at Below Market Interest Rate)

Name of Buyer(s): _____

First Mortgage Amount: \$ _____

Property Address: _____

First Mortgage Loan Term: _____ years

DETERMINE THE MARKET RATE _____%

PARTICIPATING BANK RATE:

10 year U.S. Treasury Note: _____% + 2 = _____%
(10 years, T-Note Rate, Wall Street)

FNMA Delivery Rate - 30yr., 60 day: _____
 (Less) .50%
 Participating Bank Rate _____
(Enter this amount @ step B)

DETERMINE THE MARKET RATE MONTHLY PAYMENT:

CALCULATE THE ACTUAL MONTHLY PAYMENT:

\$ _____ at _____% over _____ years = \$ _____ (P&I)
(Loan Amount) (Market Rate) (Term) (Market Rate Monthly Payment)
(Enter This Amount at Step A)

\$ _____ at _____% over _____ years = _____
(Loan Amount) (Participating Bank Rate) (Term) (Actual Monthly Payment)
(Enter this amount at Step A)

A. CALCULATE THE ACTUAL MONTHLY YIELD FOREGONE:

Market Rate Monthly Payment: \$ _____
 (less) - Actual Monthly Payment: \$ _____
 Actual Monthly Yield Foregone: \$ _____ (Enter in Box)



B. CONVERT ANNUAL INTEREST RATE:

Convert Annual Interest Rate to match the compounding periods (monthly) and enter the monthly interest rate:

Participating Bank Rate: _____ /12 = _____% (Enter in Box)



C: CALCULATE THE MATCH CONTRIBUTION:

The amount of matching contribution generated by the First Mortgage Loan equals the present discounted cash value of the yield forgone.

MATCH CONTRIBUTION:



Using an HP12C Calculator

360
n
Monthly Yield Foregone = \$ _____

PMT
Converted Interest Rate = _____%

i
PV
CHS
Match Contribution = \$ _____