

# MORTGAGE SOLUTIONS

## Hybrid Mortgage

### KEY FEATURES

- > Combine two mortgage types into a single solution and closing
- > Reduce interest rate risk
- > Lower overall blended rate
- > Customize pay-down strategy
- > Match time horizon for debt with liquidity event
- > Increase cash flow

Your advisor addresses investing needs for you and your family. Through Pershing, a BNY Mellon company, your advisor provides you access to BNY Mellon's mortgage solutions that serve the complex and evolving needs of sophisticated investors.

The Hybrid Mortgage combines the security of fixed mortgage payments with the flexibility of an adjustable rate mortgage. This solution allows borrowers to combine two mortgage types into one closing, potentially resulting in a lower blended rate, improved cash flow and managed interest rate risk. A Hybrid Mortgage is attractive to investors who expect a future liquidity event since it allows them to customize their pay-down strategy to accommodate their cash flow.<sup>1</sup>

### HOW IT WORKS

#### Example Objective

- Refinance \$2 million mortgage on primary residence
- Pay down principal in seven years with scheduled \$1 million trust distribution

#### Hybrid Mortgage Solution

- \$1 million first mortgage: fully amortizing, fixed-rate mortgage
- \$1 million second mortgage: 7/1 interest-only,<sup>2</sup> adjustable-rate mortgage

**To learn more, please contact your advisor to arrange a meeting with a BNY Mellon mortgage banking officer. Please refer to the back for important risks and restrictions.**

<sup>1</sup> The communication is intended to provide general information that is believed to be accurate. It should not be construed as legal or tax advice. Please consult with your legal and tax advisor to determine whether the information in this communication may be appropriate for you.

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<sup>2</sup> Key Facts about Interest-Only Payments on Mortgage Loans

BNY Mellon's Interest-Only mortgage allows you to pay only the interest on the money borrowed for the first 10 years of the mortgage. If only the interest is paid during this period, you should be aware of the following:

- When the interest-only period ends, you will still owe the original amount borrowed which must now be amortized over the remaining term of the loan.
- The monthly payment will increase after the interest-only period even if interest rates remain the same, as the payments would now include principal repayments as well as interest.
- If the property does not increase in value during the interest-only period, you will not have built equity which could mean:
  - It may be harder to refinance the mortgage
  - The proceeds from the sale of the property might be less than the principal owed to the lender

Our experienced mortgage banking officers can review with you what the payments could be after the initial 10-year interest-only period and how your payments could change at each adjustment period.

Interest rates are subject to change.

Mortgage services provided by BNY Mellon, N.A. are subject to credit approval.

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