

# Let financing your home work for you



## Gain flexibility with a PrimeFirst® interest-only adjustable-rate mortgage offered by Bank of America

Why is flexibility so important? It can help enable you to better manage your assets, so you can pursue your unique goals. A PrimeFirst® adjustable-rate mortgage (ARM) may allow you to pay down principal more strategically, or to use your assets for other financial goals like education expenses, home improvements or retirement savings.<sup>1</sup>

### Improve your cash flow

With a PrimeFirst® ARM, you can take advantage of rates typically lower than those for most fixed-rate mortgages. So you may have lower monthly mortgage payments to improve your cash flow, particularly when interest rates decline. *When deciding whether an interest-only ARM is right for your situation, consider the potential risk of rising rates and payments, and factors like how long you plan to own your home.*

### Make the most of competitive rates

Rates are based on the 1-month adjustable LIBOR index, which has historically been lower than the average fixed rate. *Past performance is not an indication of future performance.*

### Take advantage of cash flow and payment flexibility

- The PrimeFirst® ARM offers an interest-only payment option for a period of the loan term. Interest-only payments<sup>2</sup> can give you greater cash flow flexibility and control during the interest-only period. If you make interest-only payments, your monthly payment will significantly increase after the tenth year. Your interest rate is subject to monthly adjustments over the life of the loan, so rising market rates could also increase your monthly payment during and after the interest-only period.

- If principal payments are made, subsequent interest-only payments will be recalculated monthly based on the new lower principal balance, at no fee.
- The interest rate adjustment period is one month, and the lifetime rate cap is 12%, or your initial rate plus 5%, whichever is greater.
- Loan amounts over \$3 million may be available to qualified applicants.<sup>3</sup>
- There are no prepayment penalties at any time.

### Benefit from potential tax deductions

You may be able to deduct your interest expense. Consult your tax advisor for more information.<sup>4</sup>

### Down payment strategy

*Ask your Merrill advisor about Bank of America's 100% financing option through the pledged asset programs.*

*Certain conditions and restrictions apply, and certain risks may be involved that you should carefully review before undertaking any action.*

## Get started

We believe relationships are built over a lifetime, not in a single transaction. Our financial advisors have the experience to provide you with customized wealth management guidance, including access to a variety of Bank of America mortgage options, to fit your unique needs.

<sup>1</sup> You are invited to apply. Your receipt of this material does not mean you have been prequalified or preapproved for any product or service we offer. This is not a commitment to lend; you must submit additional information for review and approval. If you are refinancing to lower your monthly payment or change from a variable-rate to a fixed-rate loan, you should carefully consider the potential increase in the total number of monthly payments and/or the total interest charges paid over the full term of the new refinance loan — especially for borrowers who currently have loan terms less than 30 years.

PrimeFirst® applicant(s) must have a minimum of \$500,000 eligible gross post-close liquid assets at mortgage application and must maintain this asset level through closing. Assets may be with any financial institution. Calculation of gross post-close liquid assets does not include down payment, funds required to close, certain debts and other items; ask for details. Applicant must provide documentation evidencing minimum reserves; for primary residences, loans up to \$2 million require minimum reserves of 20 months; loans over \$2 million require minimum reserves of 24 months (principal, interest, taxes, homeowners/hazard insurance and homeowners association fees/dues/special assessments) related to subject loan/property. Other requirements apply.

<sup>2</sup> **Some loans offered by Bank of America have a payment option that allows you to pay only the interest on the money you borrow for the first 10 years of the loan. If you pay only interest, you will still owe the original amount borrowed at the end of the 10-year period, and your monthly payment will significantly increase – even if interest rates stay the same – because you must pay back the principal as well as interest. Ask about your payments after the end of the interest-only period and carefully consider the possibility of “payment shock.” If you are considering an adjustable-rate mortgage, ask about your payments if interest rates increase. Loans with an interest-only payment option may require a lower loan-to-value ratio; other restrictions apply; ask for details.**

<sup>3</sup> Minimum down payment requirements vary by property type and location. Loan amount, interest-only payment option, loan-to-value percentage, property and/or occupancy type may require a higher level of reserves and/or post-closing liquidity. Two separate full appraisals may be required. Excellent credit required, including proof of recent consistent housing payment history. Not available on all loan programs. Other restrictions apply; ask for details.

<sup>4</sup> Please consult your tax advisor regarding interest deductibility.

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