

2/1 BUYDOWN VS. PRICE REDUCION

A SOLUTION TO BENEFIT BUYERS & SELLERS

When sellers pay for a 2/1 buydown, it has 5X the impact vs. reducing a sales price \$10K! **Check out this example.**

RATE BUYDOWN SAVINGS			
PAYMENT SCHEDULE	BUYDOWN RATE	*MONTHLY PAYMENT	MONTHLY SAVINGS
BUYDOWN YR 1	5%	\$2,040	\$488
BUYDOWN YR 2	6%	\$2,278	\$250
REMAINING TERM	7%	\$2,528	-----
TOTAL AMOUNT SAVED AFTER YEAR 1 AND YEAR 2		\$ 8,856	

*Purchase Price \$400,000, Down payment 5%, 30 Year Fixed Rate, Principal & Interest Payment

WHAT IS A 2/1 TEMPORARY BUYDOWN?

A temporary buydown allows the seller and/or buyer to prepay some of the interest on a fixed-rate mortgage in exchange for a discounted interest rate for the first one to two years of the mortgage, after which the interest rate reverts to the full note rate for the remainder of the loan. A temporary buydown can be used on VA, FHA, USDA, and Conventional loans. A temporary buydown **benefits the buyer by getting a lower rate and lower monthly payment - a Win-Win.**



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