

3-2-1 BUYDOWN

THE SOLUTION TO
CONTRACT CANCELLATIONS
AND PRICE REDUCTIONS
IN TODAY'S MARKET



WHAT IS A TEMPORARY BUYDOWN?

Buyers receive a 30-year fixed rate loan with an interest rate that's discounted 3% the first year, 2% the second year, and 1% the third year. The original fixed interest rate doesn't go into effect until year 4!

⇒ Buydown must be Seller Paid ⇐

THREE MAIN BENEFITS OF THIS STRATEGY

1

Buyers can ease their way into a home with lower payment for the first few years of their loan.

2

Seller contributions for temporary buydown are held in escrow account offering buyer additional options.

3

Sellers incentivize buyers by way of contribution creating more interest in your listings.

Less **CONCESSIONS** from sellers and more **AFFORDABILITY** for buyers!

*Available for Conventional, FHA, VA (primary and secondary homes only)



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3-2-1 LOAN SCENARIO EXAMPLE

SCENARIO

Home Purchase Price: \$765,000
Down Payment: 20%
Loan Amount: \$612,000
Credit Score: 760
Loan Program: Conventional 30 year fixed
Qualifying Rate: 6.75%

Here is the breakdown of payments during the buydown period:

YEAR	RATE	APR	P&I PAYMENT	SAVINGS PER MONTH	SAVINGS PER YEAR
1	3.75%	3.89%	\$2,834/month	\$1,135	\$13,620
2	4.75%	4.90%	\$3,192/month	\$777	\$9,324
3	5.75%	5.91%	\$3,571/month	\$398	\$4,776
4-30	6.75%	6.93%	\$3,969/month		

Total Savings to Borrower: \$27,720

TOTAL SELLER CONCESSION: \$27,720

2-1 LOAN SCENARIO EXAMPLE

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3-30	6.75%	6.93%	\$3,969/month		

Total Savings to Borrower: \$14,100

TOTAL SELLER CONCESSION: \$14,100

*This material contains general program information and does not necessarily include all available underwriting requirements which are subject to change without notice. For complete program guidelines, please contact your loan officer. All loan products are subject to credit and property approval. May not be available in all states.