

A Step In The Right Direction!

Problem:

There are many houses for sale across the country, in every market and in every price range. Some of these home are “For Sale By Owner” and others are listed with a Realtor. Sellers continue to reduce their asking price and negotiate to spark interest. The issue with this is then it lowers values of comparables in the market area. So, instead of offering a lower sales price, what about keeping the same price but offer seller concessions to permanently lower the interest rate for the buyer?

Jack's Loan

\$300,000	Listing Price
6.000%	Reduction To Price
282,000	Agreed Purchase Price
90%	Loan To Value
30 Yr	Loan
\$253,800	Loan Amount
6.000%	Interest rate

Borrower Payment of:

\$1,521.66

6.000%

Interest Rate for the life of the loan.

With Home Value Reduction

Jill's Loan

\$300,000	Listing Price
6.000%	Seller Concessions
\$300,000	Agreed Purchase Price
90%	Loan To Value
30 Yr	Loan
\$270,000	Loan Amount
4.750%	Interest rate

Borrower Payment of:

\$1,408.87

4.750%

Interest Rate for the life of the loan.

Home Values Improve!

Summary:

By splitting the 6% Seller concessions 4% to buy down the rate and 2% for broker origination fee in lieu of reducing the sales price, the buyer's savings equal as if the seller reduced the sales price \$39,000 to \$261,000. The buyer has a lower payment pays less interest over the life of the loan, less money out of pocket and future values for comparables in the marketplace are not negatively impacted.

And the clients saves **\$112.97** a month in payments