

WHY A **SELLER BUYDOWN** CAN BE THE BEST STRATEGY TO SELL YOUR HOME

Some buyers who may have been pre-approved when interest rates were lower might be experiencing sticker shock in this rising interest rate and rising home price environment. As a result, buyers may want to ask for a price reduction that isn't very attractive to a seller who is looking back at the market over the last 12–24 months.

A SELLER BUYDOWN could be a WIN/WIN! Instead of decreasing the sales price of your home, simply offer a credit to help buy down the buyer's interest rate. This strategy can help you walk away with a higher net while helping significantly lower the buyer's monthly payment.

In the example below, a buyer is considering asking a seller for a 5% price reduction. An alternative is to ask for a 2% Seller Buydown credit. The Seller Buydown option allows the **seller to net \$30,000 more** and gives the **buyer a lower rate and a lower monthly payment**.

	30 YEAR FIXED RATE	5% PRICE REDUCTION	2% BUYDOWN OPTION
Purchase Price	\$1,000,000	\$950,000	\$1,000,000
20% Down Payment	\$200,000	\$190,000	\$200,000
Loan Amount	\$800,000	\$760,000	\$800,000
Interest Rate	4.750%	4.750%	4.250%
APR*	4.765%	4.766%	4.265%
Term (months)	360	360	360
Payment	\$4,173.18	\$3,964.52	\$3,935.52
Monthly Savings	\$0.00	\$208.66	\$237.66
1 st Loan 5 Year Cost	\$251,815.80	\$239,296.20	\$237,556.20
Savings (60 months)	\$0	\$7,502.00	\$13,165.00
Net to Seller	–	\$950,000.00	\$980,000.00

**THE BUYER'S
PAYMENT IS LOWER!**

**NET TO SELLER
IS HIGHER!**

* Payment does not include real estate taxes or insurance.

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