

HOW CAN BUYERS BENEFIT FROM **A 2-1 BUYDOWN?**

**HERE'S A GREAT NEGOTIATING
STRATEGY FOR A CHANGING MARKET**

WHAT IS A "2-1 BUYDOWN"?

A "2-1 Buydown" is where the seller pays a fee at the closing to base your monthly mortgage payment on an interest rate that is 2% lower in year one, and 1% lower in year two. This results in potentially making the home more affordable.

WHAT ARE THE BENEFITS OF A 2-1 BUYDOWN?

A 2-1 Buydown reduces the monthly payment during the first few years of homeownership, making the home more affordable. It can also allow you to benefit from owning a home now so you can start to build equity vs. waiting a few more years and continuing to rent. If the seller pays for the 2-1 Buydown, it could have a greater impact on their monthly payment than asking the seller to reduce the list price of the home. This could be a great negotiating tool because a greater percentage of homes listed for sale in today's market are seeing price reductions.

WHAT HAPPENS WHEN THE MONTHLY PAYMENT GOES BACK TO NORMAL?

In year 3 of a 2-1 Buydown, your monthly payment would be based on the "note rate." If market interest rates are the same or higher than they are today, you would just keep the loan and pay the normal payment. However, if a recession happens, as is being predicted by many economists, market rates may come down again. In that case, you may be able to refinance at the then-current rates. Keep in mind that interest rates are cyclical. They tend to go up when the economy is doing well, and they tend to go down when the economy is doing poorly. Let me know if you'd like for me to run some numbers and see if a 2-1 Buydown might make sense in your situation!

CONTACT ME SO WE CAN GET STARTED!

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