

How To Get Your Offer Accepted Without Overpaying!



With a full shift in power from a seller's market to a buyer's market, both sellers and buyers need to reevaluate the best approach to a transaction. The examples below illustrate how a credit from the seller to the buyer (called a Seller Buy Down or SBD) towards the buyer's interest rate can produce significant monthly savings.

Current List Price
 What does offering 3% below list price look like for you? Look what asking the seller to lower your rate with the same 3% looks like...

We'd have to low-ball seller \$50k under list to get this payment
 \$546,000
 20%

Sales Price \$595,000
Down Payment 20% \$577,150
Loan Amount \$476,000
Program 30 Year Fixed 20%
Interest Rate 5.25%
Term 30 Year Amortized
P&I Payment \$2,628.49
Income to Qualify \$87,857
Monthly Savings \$0

\$595,000
 20%
 \$476,000
 30 Year Fixed
 5.25%
 30 Year Amortized
 \$2,411.82
 \$82,071
 \$216.67

30 Year Fixed \$461,720
30 Year Fixed 5.25%
30 Year Amortized \$2,549.63
\$85,751
\$78.85

\$436,800
30 Year Fixed 5.25%
30 Year Amortized \$2,412.03
\$82,088
\$216.46

In this example, we used 3 points of SBD or \$14,280 to buy down the interest rate from 5.25% to 4.5% resulting in a net savings of \$216.67 per month.

Also, the points are tax deductible for the buyer in the year the property is purchased. Please consult your CPA for specific information.

This example is designed to show you the power of reducing interest rate versus purchase price. Please contact me to discuss how this strategy can help you purchase or sell the home of your dreams!

\$2,411.82
\$82,071
\$216.67

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