

Temporary Buydown

Helping buyers buy and sellers sell



**Your
home
purchase
expert**



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AMERICAN EAGLE MORTGAGE GEORGIA TEAM
POWERED BY CROSSCOUNTRY MORTGAGE™

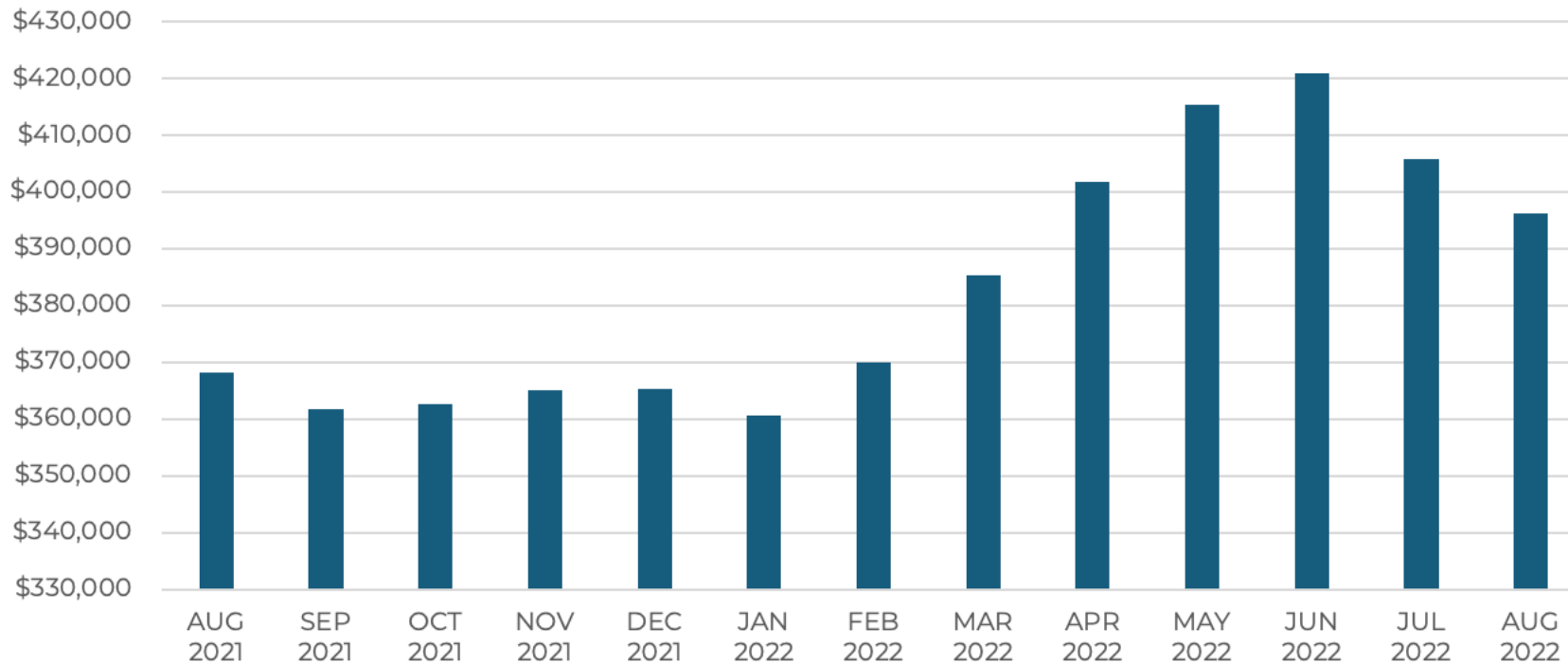
Affordability is the top concern

- Home prices up, intensified by inflation
- Mortgage rates up to combat inflation
- Result: Monthly mortgage payments up



Home prices continue to rise year over year

Median prices existing single-family homes August 2021 – August 2022

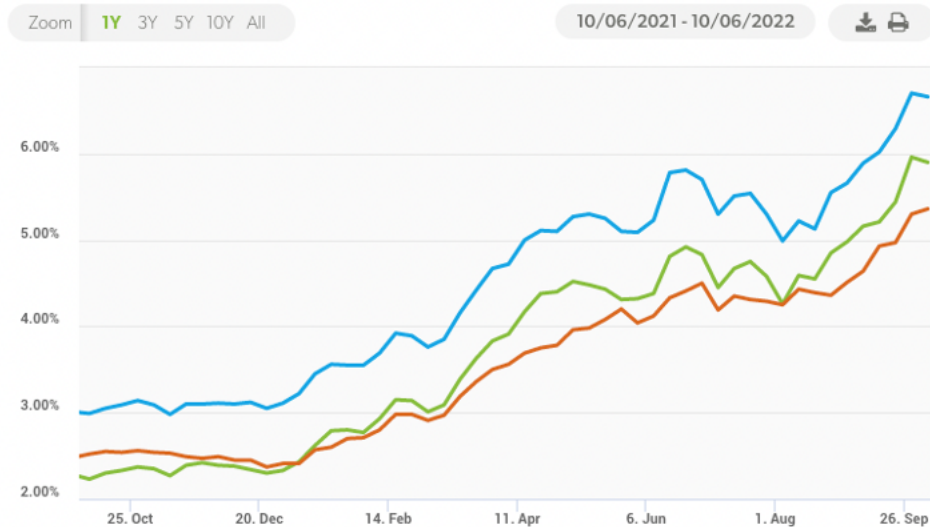
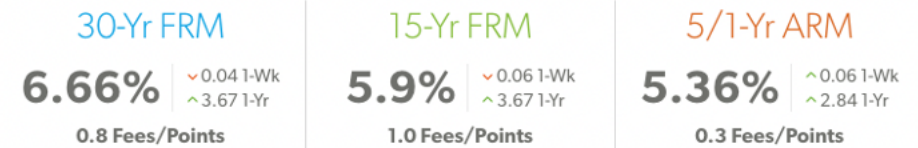


<https://www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales>

Up 7.6% year over year

Rates have gone up

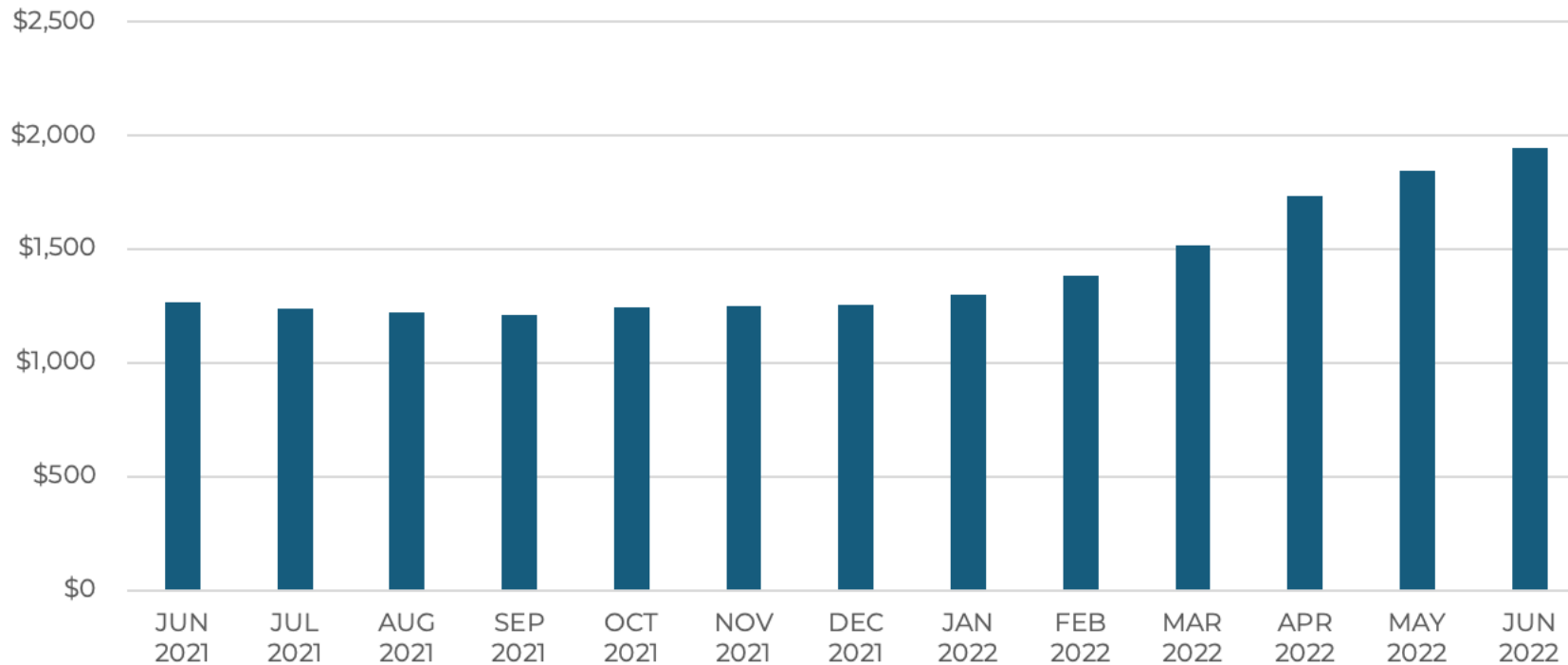
Average mortgage rates October 2021 – October 2022



<https://www.freddiemac.com/pmms 10/6/2022>

Monthly mortgage payments have gone up

Average monthly mortgage payments June 2021 – June 2022



<https://www.nar.realtor/blogs/economists-outlook/housing-affordability-conditions-fade-as-mortgage-rates-push-monthly-payments-higher-in-june-2022>

Buyers have immediate expenses

- Moving
- Higher or new utilities
- Costs of homeownership (water heater, HVAC service, small repairs)
- New appliances and/or furniture



People still want to **buy** a home

- Relocating
- Stop renting
- Room for family and pets
- Stability
- Life events (marriage, family growth, divorce)



The Temporary Buydown solution

Temporary rate buydowns give buyers a lower rate **and** lower monthly payments for 1-3 years at the start of their loan. The seller or builder provides the savings, so there's **no cost** to the buyer.

ADVANTAGES:

- Immediate impact
- Eases buyers (especially first-time) into homeownership
- Rate protected if rates rise
- Refi later if rates drop



How it works



Buyer signs a temporary buydown agreement with CCM



Seller (or builder) funds the buydown with an up-front deposit



Amount of seller's deposit equals amount of buyer's savings over buydown term



Deposit held in escrow account



Funds paid monthly to lower buyer's mortgage payment



1-0 Buydown

The 1-0 Temporary Buydown reduces the buyer's interest rate by 1% for the first year of their loan.

EXAMPLE:

Sale price: \$650,000 | Down payment: \$130,000 | Loan amount: \$520,000 | 30-year fixed rate: 7%
Annual percentage: 7.075%

30-year fixed rate with Temporary Buydown paid by seller:

	Effective rate	P&I	Monthly savings	Total savings
Year 1	6%	\$3,117.66	\$341.91	\$4,102.92
Year 2 and after	7%	\$3,459.57	\$0	\$0
Total savings and seller credit			\$4,102.92	

Lower initial mortgage payments funded by an up-front deposit paid by the seller or builder.



1-1 Buydown

The 1-1 Temporary Buydown reduces the buyer's interest rate by 1% for the first 2 years of their loan.

EXAMPLE:

Sale price: \$450,000 | Down payment: \$90,000 | Loan amount: \$360,000 | 30-year fixed rate: 7%
Annual percentage: 7.094%

30-year fixed rate with Temporary Buydown paid by seller:

	Effective rate	P&I	Monthly savings	Total savings
Year 1 and 2	6%	\$2,158.38	\$236.71	\$2,840.52
Year 3 and after	7%	\$2,395.05	\$0	\$0
Total savings and seller credit			\$5,681.04	

Lower initial mortgage payments funded by an up-front deposit paid by the seller or builder.



2-1 Buydown

The 2-1 Temporary Buydown reduces the buyer's interest rate by 2% for the first year of their loan, and 1% for the second year.

EXAMPLE:

Sale price: \$450,000 | Down payment: \$90,000 | Loan amount: \$360,000 | 30-year fixed rate: 7%
Annual percentage: 7.094%

30-year fixed rate with Temporary Buydown paid by seller:

	Effective rate	P&I	Monthly savings	Total savings
Year 1	5%	\$1,932.56	\$462.53	\$5,550.36
Year 2	6%	\$2,158.38	\$236.71	\$2,840.52
Year 3 and after	7%	\$2,395.05	\$0	\$0
		Total savings and seller credit		\$8,390.88

Lower initial mortgage payments funded by an up-front deposit paid by the seller or builder.



3-2-1 Buydown

The 3-2-1 Temporary Buydown reduces the buyer's interest rate by 3% for the first year of their loan, 2% for the second year, and 1% for the third year.

EXAMPLE:

Sale price: \$250,000 | Down payment: \$50,000 | Loan amount: \$200,000 | 30-year fixed rate: 7%
Annual percentage: 7.142%

30-year fixed rate with Temporary Buydown paid by seller:

	Effective rate	P&I	Monthly savings	Total savings
Year 1	4%	\$954.83	\$375.77	\$4,509.24
Year 2	5%	\$1,073.64	\$256.96	\$3,083.52
Year 3	6%	\$1,199.10	\$131.50	\$1,578
Year 4 and after	7%	\$1,330.60	\$0	\$0
Total savings and seller credit			\$9,170.76	

Lower initial mortgage payments funded by an up-front deposit paid by the seller or builder.



Good for buyers, sellers, and builders

- For **sellers** considering a price cut
 - Savings for the buyer without lowering the sale price
- For **builders** who want to move inventory
 - An alternative incentive
- For **buyers** who are stretching their dollars
 - Immediate monthly payment savings
 - Savings for 1, 2, or 3 years
 - A locked rate if rates increase
 - Room to refi if rates fall



The sample rates provided are for illustration purposes only and are not intended to provide mortgage or other financial advice specific to the circumstances of any individual and should not be relied upon in that regard. CrossCountry Mortgage, LLC cannot predict where rates will be in the future. The payment example does not include assessments. Actual payment obligations may be greater and may vary. Mortgage Insurance Premium (MIP) is required for all FHA loans and Private Mortgage Insurance (PMI) is required for all conventional loans where the LTV is greater than 80%. Rate(s), APR(s) and payment info is valid as of 10/03/2022 and assumes a first lien position, 740 FICO score, 25-day rate lock, based on a single-family home. All terms are subject to change without notice. Loans are subject to underwriting guidelines and the applicant's credit profiles, not all applicants will receive approval. Contact CrossCountry Mortgage, LLC for more information. Available for conventional, FHA, VA, and USDA loans only.



Q&A



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