



# 1-0 & 2-1 BUYDOWN

## A WIN-WIN SCENARIO

Ease your way into a home with lower payments that simply step up at the end of the first and second years. With a temporary interest rate buydown, the interest rate is lower than the final rate in your contract, potentially saving thousands of dollars on payments.

### Program Details

With a 1-0 Buydown, the rate drops 1% in the first year, and with a 2-1 Buydown, you'll get a 30-year fixed rate loan with an interest rate that is discounted 2% during the first year and 1% the second year, with the seller paying points to reduce the rate of the buyer. The difference you would pay for the first year or two of your mortgage would be placed in an escrow account. The escrow account can be covered by the lender, a seller, or a real estate agent in the transaction.

### Advantages

- Seller may be able to sell for a higher price if they include the buydown concession.
- Seller can reduce the cost of the points from the sales price to lower their capital gains tax if required.\*
- Buyer gets a lower rate and lower monthly payments without paying the upfront cost of points.
- Buyer can offer even more for the home (as long as the appraisal supports the value.)

\* Always consult a tax professional.

FIRST YEAR	SECOND YEAR	THIRD YEAR+
SAVE 2%	SAVE 1%	FIXED RATE



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www.arcstoneinc.com | 1917 Hillhurst Avenue, #203 Los Angeles, CA 90027 | 323 665 5000

dre 01468445 | nmls 344236




# TEMPORARY BUYDOWN

for  
Conforming & High Balance Loan

## - Loan Scenario -

- **2-1 Buydown**
- **Loan Amount \$500,000**  
\* Max. seller credit 2.5% to cover the cost (including buydown rate)
- **30 Years Fixed**
- **Note Rate 7.000%**  
\* Note rate quotes as of 11/07/2022 , subject to market change

	Year 1	Year 2	Year 3, 4, 5, ...
Interest Rate	<b>5.000%</b>	<b>6.000%</b>	<b>7.000%</b>
Mthly PMT	<b>\$2,684.11</b>	<b>\$2,997.75</b>	<b>\$3,326.51</b>
Mthly PMT Saving	<b>\$642.40</b>	<b>\$328.76</b>	/

**Cindy Lee**  
The Collective Realty  
**323.657.4866**  
CindyLeeRealEstate22@gmail.com  
www.RealEstateCindyLee.com  
DRE 02084411

**Joann Wong**  
Joann Wong Mortgage Group  
Mortgage Broker / Certified Loan Advisor  
**626.864.3414**  
TeamJoannWong@gmail.com  
NMLS 1537282