

Ask for \$10,000 Off the Price... or a Different Route?

 This is an educational illustration — not a loan approval, rate guarantee, or promise of seller concession.

Financing Example

Purchase Price: \$284,500 · **Loan Amount:** \$270,275 · **LTV:** 95%

Loan Type: 30-Year Conventional Fixed · **Occupancy:** Primary Residence

Note Rate: 6.750% · **APR:** 7.038%

Approx. P&I: \$1,753/month · **Approx. Total Housing Payment:** \$2,063/month*

**Total includes approx. MI \$47 + Taxes \$156 + Homeowners Insurance \$107. These items can change.*

The Hypothetical Question

Suppose a seller had approximately **\$10,000 to work with** in a negotiation. Two common strategies are illustrated below. Same negotiated dollar amount — very different short-term cash-flow effect.

Disclaimer: Do not interpret either option as universally superior. The appropriate structure depends on the buyer's finances, goals, qualification, available concessions, and loan guidelines.

Path A — \$10,000 Price Reduction

Lower the purchase price from **\$284,500** to **\$274,500**. The buyer finances approximately 95% of the reduced price. A smaller loan amount — spread across 360 monthly payments.

Path B — Seller-Funded 2-1 Temporary Buydown

Purchase price and loan amount remain **unchanged**. Seller contributes funds to temporarily reduce the buyer's P&I payment for **Years 1 and 2 only**. Concentrated short-term cash-flow relief. Immediate savings in year 1 and 2, instead of spread over 30 years.

Financing Education Provided By



I'm Nathan Williams, a Mortgage Loan Originator with Edge Home Finance. I believe good mortgage guidance should do more than get someone approved. It should help people understand their options, make informed decisions, and feel confident about what comes next.

My role is to help people make sense of the numbers, understand the tradeoffs, and choose a mortgage strategy that fits the life they are trying to create. Sometimes that means finding an option they had not considered. Other times, it simply means making a complicated decision feel much easier to understand.

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Your actual rate, payment and costs could be higher. Get an official Loan Estimate before choosing a loan.

Side-by-Side: What Does \$10,000 Actually Do?

All figures are hypothetical illustrations only. "Approximately" applies to all calculated amounts below.

OPTION A

Hypothetical \$10,000 Price Reduction

\$62

Per Month Savings

Approx. P&I reduction vs. baseline

- **Original Price:** \$284,500 → **Reduced Price:** \$274,500
- **Approx. New Loan Amount** (95% of \$274,500): approximately \$260,775
- **Note Rate (unchanged):** 6.750% · APR: 7.038%
- **Approx. New P&I:** approximately \$1,691/month
- **Original Approx. P&I:** approximately \$1,753/month

A \$10,000 lower purchase price does not mean a \$10,000 smaller loan when the buyer is financing 95% of the purchase price. The financed amount falls by approximately \$9,500 — spread across 360 monthly payments.

Changes to property taxes, homeowners insurance or mortgage insurance are not estimated here and would vary.

OPTION B

Seller-Funded 2-1 Temporary Buydown

\$343

\$176

Year 1 Savings/Mo

Year 2 Savings/Mo

Temporary payment calc. at 4.750%*

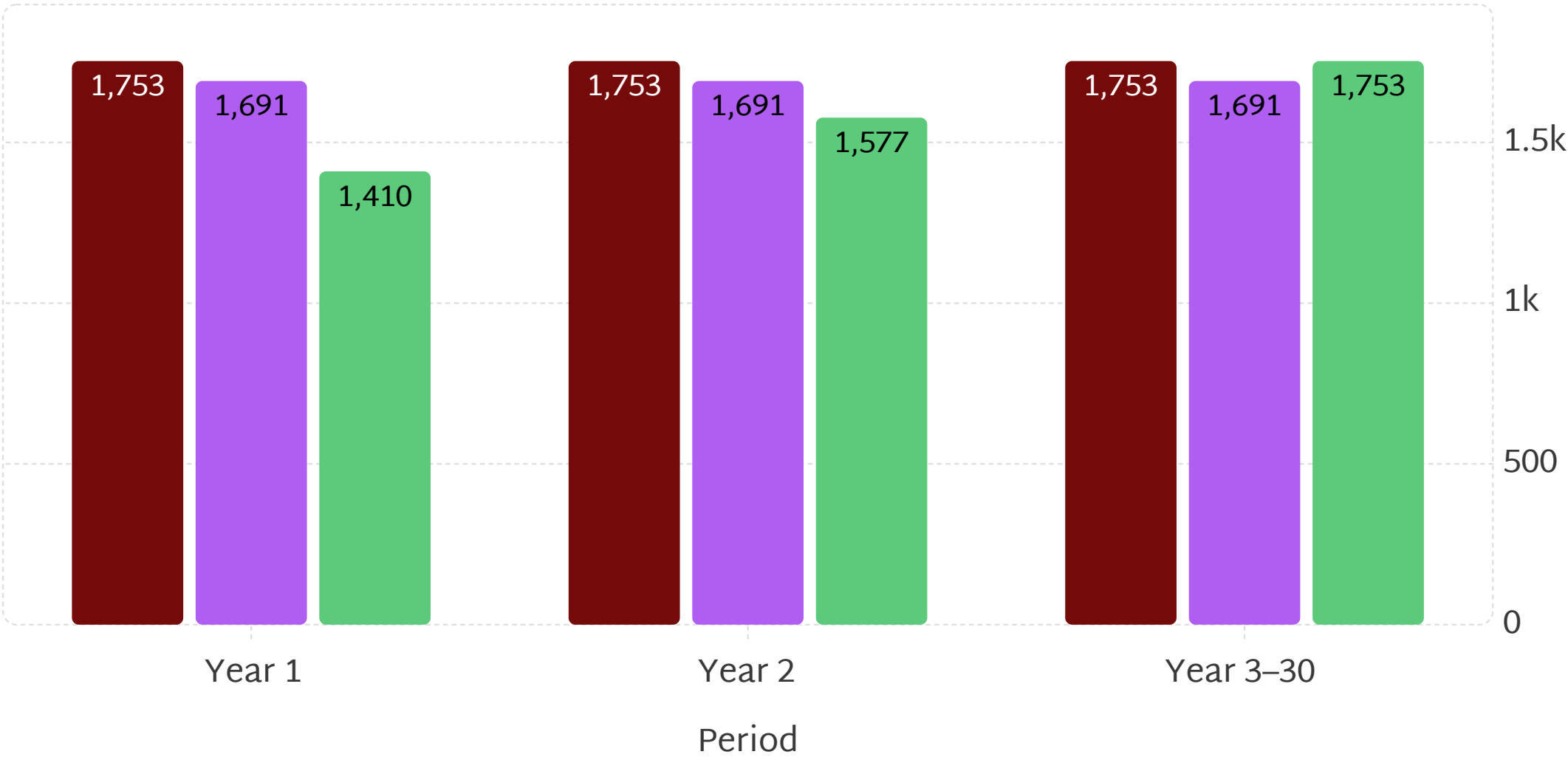
Temporary payment calc. at 5.750%*

- **Purchase Price:** \$284,500 (unchanged) · **Loan Amount:** \$270,275 (unchanged)
- **Note Rate:** 6.750% · **APR:** 7.038% — the note rate does NOT change
- **Year 1 — Temporary Payment Calc. at 4.750%*:** approx. \$1,409.88 P&I/month
- **Year 2 — Temporary Payment Calc. at 5.750%*:** approx. \$1,577.25 P&I/month
- **Years 3-30 — Full Note-Rate Payment at 6.750%:** approx. \$1,753/month P&I

*4.750% and 5.750% are temporary payment calculation rates associated with the 2-1 buydown structure only. They are NOT permanent note rates. The mortgage note rate remains 6.750% for the life of the loan.

☐ All P&I figures are **principal & interest only** and do not include mortgage insurance, property taxes, or homeowners insurance. Original estimated total housing payment: approximately \$2,063/month (MI approx. \$47 · Taxes approx. \$156 · Homeowners Insurance approx. \$107). These items can change.

■ Baseline P&I ■ Option A P&I (Price Reduction) ■ Option B P&I (2-1 Buydown)



Approx. Monthly P&I by Option (Hypothetical Illustration). Option B creates dramatically larger short-term payment relief in Years 1-2 before converging near the full note-rate payment in Year 3+.

Loan amount	\$270,275	Borrower Name	
Purchase Price	\$284,500	Property Address	123 Anytown USA
Interest Rate (Annual)	6.750%		
Loan period in years	30		
PMI Rate Factor:			
Estimated Escrow Amount (Annually):			
Number of payments per year	12		
Monthly Payment	\$1,753.00		
Total Payments	360		
Buydown Type:	2-1 Buydown		
Buydown Option (LLPA or Seller Concessions/Agent Credits?):	Seller Concessions and/or Agent Credits		

2-1 BUY DOWN						
	Buydown Rate	Note Rate Payment	Buydown Payment	Monthly Savings	# of Payments	Annual Savings / Buydown Cost
Year 1	4.750%	\$1,753.00	\$1,409.88	\$343.12	12	\$4,117.44
Year 2	5.750%	\$1,753.00	\$1,577.25	\$175.75	12	\$2,109.00
2-1 Buydown Total Cost						\$6,226.44

Your actual rate, payment and costs could be higher. Get an official Loan Estimate before choosing a loan.