



MORTGAGE EQUITY GROUP

The HOME LOAN MAXIMIZER™

Sweetening The Deal For Home Buyers And Sellers

Shannon’s house, which is listed on the market for \$1 million, is not moving as quickly as she would like. She is considering dropping the price by \$25,000. Ben is searching for homes in the \$850,000 price range, but he is not finding homes that meet his needs. Ben’s agent makes an offer on Shannon’s home: Instead of dropping the price, Shannon can pay \$25,000 toward Ben’s interest rate, increasing Ben’s buying power without increasing his payment, thus placing the \$1 million dollar home in Ben’s price range.

How does this work & why would Shannon give a \$25k credit instead of lowering the purchase price to \$975,000?

Option A:

Shannon sells her home to Ben for \$975,000



Ben receives a 7% interest rate



Ben’s mortgage is \$4,550*

OR

Option B:

Shannon sells her home to Ben for \$1 million & instead of dropping the selling price by \$25,000, Shannon pays \$25,000 to lower Ben’s interest rate.



Ben receives a 6% interest rate



Ben’s Mortgage is \$4,000*. \$550 less than option A.

Shannon breaks even! Instead of dropping her listing price by \$25k, she sells her home for \$1 million & pays \$25,000 (during closing) to lower Ben’s interest rate.

*Based on a 20% down payment, interest only.
*Rates are subject to change.

For a Customized Pre-qualification call Philip Tirone at 310.453.1901

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**An Interest Buy Down Can Greatly Reduce Monthly Mortgage Payments.
If Your Monthly Payment Is What Matters Most, Read On;**

OPTION A Ben's Search for an \$850,000 (\$4,000) home is unsuccessful. Shannon, who's home has been on the market for two months, drops her listing price by \$25,000 to \$975,000. She sells her home to Ben, who pays \$4,550 a whopping \$550 per month more than anticipated.

OPTION B Shannon's home has been on the market for two months. She is considering dropping the listing price by \$25,000 from 1 million dollars to \$975,000. At the same time, Ben's realtor educates him about the Home Loan Maximizer™. Ben expands his search to include 1 million dollar listings.

Ben makes an offer on Shannon's home: Ben will purchase the home at the listing price of \$1 million dollars if Shannon pays to lower Ben's interest rate by \$25,000.

Shannon recognizes that this offer will net the same amount of money as Option A would have. She accepts the offer and, during closing, pays the bank to lower Ben's interest rate permanently. Ben's loan is approved at a 6% interest rate instead of 7%. Shannon nets the same amount as if she lowered the listing to \$975,000.

Bens 6.0% interest loan translates to payments of \$4,000 per month. This is \$550 less than option A, or the equivalent of an \$850,000 purchase price without a buy down.

Lower interest rates allow borrowers to increase their buying power, and purchase homes they thought were out of their budget. In turn, sellers are able to attract potential buyers. The net result is positive for the buyer, who pays the same monthly mortgage but is able to purchase a more desirable home. The result is equally positive for the seller who, nets the same and is able to sell their home faster and preserve the home values in the area.

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