



Price reduction vs. Seller Credit

I am aware as you are, due to recent changes in the market, you are holding onto listings longer. Many times you end up negotiation a discount, of the sales price, in order to entice buyers to close on your listing.

I would like to offer you an alternative to this standard approach.

I have found that many times buyers are really trying to lower the purchase price in order to lower their monthly payment. I have come up with a strategy that will offer the buyer a much better payment option then reducing the sales price. Outlined to the right is a scenario that will explain the strategy.

Traditional Sale

Sales Price = \$550,000
20% down payment
Loan amount = \$440,000
30 year fixed rate @ 6.25%
P/I Payment = \$2,709.00

Option 1: Price Reduction of \$20,000

Sales Price = \$530,000
20% down payment
Loan amount = \$424,000
30 year fixed rate @ 6.25%
P/I Payment = \$2,610.00
Saves \$99 per month

Option 2: Seller Credit of \$20,000

Sales Price = \$550,000
20% down payment
Loan amount = \$440,000
Rate Buy Down from seller credit.
30 year fixed **rate @ 5.00%**
P/I Payment = \$2,362.00
Saves \$347 per month
Saves \$20,820 over 5 yrs!