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# 4 ways to lower your *rate or your cost to buy.*

The advertised mortgage rate is not the only path. These four strategies can lower the rate on the loan you use, or lower what it costs to get into the home. Use the questions below to see which one is worth a closer look.

## 01 Temporary Buydowns (2-1, 1-0)

A 2-1 or 1-0 buydown lowers the rate for the first year or two, then it steps up to the note rate. The cost is usually paid up front by a seller, a builder, or you, and used to subsidize those early years.

**Ask:** Would a lower rate in the first years help me more than using the same dollars for a lasting buydown, or to cover closing costs?

## 02 Permanent Buydowns

Discount points paid at closing can lower the rate for the life of the loan. Those points can be paid with seller credits, your own funds, or a lender credit, within the contribution limits of the loan program.

**Ask:** How long do I plan to keep this loan, and would a lasting lower rate matter more than keeping that credit for closing costs?

## 03 Closing Costs Paid

A seller concession or a lender credit can cover closing costs so you keep more of your own cash for reserves, the move, or a buydown. This does not change the interest rate by itself. It changes how much cash you bring to the table.

**Ask:** Do I need to preserve cash at closing, or would the same credit do more as a buydown — or as a price reduction?

## 04 Assumable Mortgages

Some existing mortgages — more often FHA, VA, and USDA — can be taken over by a qualified buyer at the rate and remaining terms already on the loan, with lender approval. You typically still need to cover the gap between the purchase price and the remaining balance.

**Ask:** Is this mortgage assumable, what is the remaining balance, and can I comfortably cover the gap?

ILLUSTRATIVE EXAMPLE

### The same $10,000 seller credit can be used in different ways.

It is not three extra benefits stacked on top of each other. It is a choice about where those dollars go:

- Toward a temporary or permanent buydown, to lower the rate for a period or for the life of the loan.
- Toward closing costs, so you bring less of your own cash to the table and can keep more in reserve.
- As a $10,000 price reduction, which can lower the loan amount but does not fund closing the way a credit does.

Which use helps you most depends on your cash, your timeline, and the loan program's contribution caps. This example is for illustration only. It is not a quote, a payment example, or a commitment to lend.

Not sure which fits? Call or text (248) 882-8333 or mike.hajjar@neohomeloans.com for a no-pressure strategy call.

Informational only. This guide is not a commitment to lend, a loan approval, a rate quote, or a guarantee of any program, term, or outcome. Programs, terms, and eligibility are subject to underwriting and approval, and may change.

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