

Buydowns in 30 seconds

What a buydown costs and how it compares with a price cut.

For informational purposes only. This is not an offer or commitment to lend.

HYPOTHETICAL EXAMPLE

\$400,000 price, 20% down (\$80,000), \$320,000 loan, 30-year fixed, 7.375% note rate (7.568% APR, estimated). P&I only.

SAME SELLER DOLLARS, TWO WAYS

A price cut vs. a buydown of the same size

Monthly P&I. At full price the payment is \$2,210.16. The price cut keeps 20% down on the lower price, same rate and term.

2-1 buydown vs. a price cut of the same \$7,584.36

Seller dollars used as	Monthly P&I	How much lower each month
Price reduced by \$7,584.36 Price \$392,415.64, loan \$313,932.51	\$2,168.25	☐ lower by \$41.91/mo for the full loan
2-1 credit of \$7,584.36: year 1 Months 1 to 12 at 5.375%	\$1,791.91	☒ lower by \$418.25/mo
2-1 credit: year 2 Months 13 to 24 at 6.375%	\$1,996.38	☒ lower by \$213.78/mo
Years 3 to 30 7.375% note rate	\$2,210.16	full note rate payment

1-0 buydown vs. a price cut of the same \$2,565.36

Price reduced by \$2,565.36 Price \$397,434.64, loan \$317,947.71	\$2,195.99	☐ lower by \$14.17/mo for the full loan
1-0 credit of \$2,565.36: year 1 Months 1 to 12 at 6.375%	\$1,996.38	☒ lower by \$213.78/mo
Years 2 to 30 7.375% note rate	\$2,210.16	full note rate payment

A price cut lowers the payment a little for the full loan; a buydown puts the same dollars into the first years, when it's felt most.

Hypothetical example: payment schedule and important disclosures

Option	Rate by year	Number and amount of monthly payments (P&I)	Est. APR
No buydown	7.375% all years	360 payments of \$2,210.16	7.568%
2-1 buydown	5.375% year 1, 6.375% year 2, then 7.375%	12 payments of \$1,791.91, 12 of \$1,996.38, 336 of \$2,210.16	7.340%
1-0 buydown	6.375% year 1, then 7.375%	12 payments of \$1,996.38, 348 of \$2,210.16	7.488%
Price cut, \$7,584.36	7.375% all years; loan \$313,932.51	360 payments of \$2,168.25	7.569%
Price cut, \$2,565.36	7.375% all years; loan \$317,947.71	360 payments of \$2,195.99	7.568%

Hypothetical example for illustration only. Not an offer of credit. Purchase price \$400,000; down payment 20% (\$80,000); loan amount \$320,000; 30-year fixed; note rate 7.375%; estimated APR 7.568%. Estimated APR assumes \$6,000 in prepaid finance charges (about 1.4 discount points plus \$1,520 in lender fees). With the seller-paid buydown reflected, the estimated APR is 7.340% (2-1) or 7.488% (1-0). Actual APR depends on the buyer's loan terms and costs. Price cut rows: 20% down on a \$392,415.64 or \$397,434.64 price, same rate, term, points, and fees (\$5,915.06 or \$5,971.27 estimated prepaid finance charges).

Payments shown are principal and interest only. They do not include property taxes, homeowners insurance, HOA dues, or mortgage insurance, so the actual payment will be higher. The buyer must qualify at the full note rate payment. The seller-paid credit is deposited into a buydown escrow account at closing and must be negotiated in the purchase agreement. If the loan is paid off or refinanced during the buydown period, unused funds are handled per program guidelines. Seller concessions are subject to program limits. Rates as of October 6, 2026 and subject to change. Subject to credit approval. Not a commitment to lend.

How a buydown works

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Five things to know

- 1 The seller credit goes into escrow.**
At closing, the seller (or a builder or lender credit) prepays interest into a buydown escrow account.
- 2 The payment starts lower.**
Each month the escrow covers the difference, so the buyer pays the reduced amount in the early years.
- 3 The buyer qualifies at the full note rate.**
Underwriting uses the full payment, so the buyer is ready for it from day one.
- 4 Then the payment steps up.**
After the buydown period, the payment is the full note rate payment for the rest of the loan.
- 5 Refinance early?**
Unused buydown funds follow program guidelines.

2-1 buydown

Seller credit: \$7,584.36 (1.90% of price)

\$418.25 lower	\$213.78 lower	Note rate
\$1,791.91	\$1,996.38	\$2,210.16
5.375%	6.375%	7.375%
Year 1	Year 2	Years 3 to 30

Cost: $12 \times \$418.25 + 12 \times \$213.78 = \$7,584.36$

1-0 buydown

Seller credit: \$2,565.36 (0.64% of price)

\$213.78 lower	Note rate
\$1,996.38	\$2,210.16
6.375%	7.375%
Year 1	Years 2 to 30

Cost: $12 \times \$213.78 = \$2,565.36$

BEYOND 2-1 AND 1-0

More buydown structures

CrossCountry Mortgage offers additional buydown options and lengths, which may be available per program guidelines. What fits depends on how much the seller can contribute, the program's concession limits, and the buyer's qualifications. Ask us which structure fits.

3-2-1 style

Three lower years, stepping up

1-1 style

Two years at one lower payment

FOR BUYERS

Is a buydown right for you?

- **Nervous about the payment?** A lower start can make the first years feel manageable.
- **Expect your income to grow, or want room early on?** Raises, a second earner, moving costs, repairs.
- **Ask for it in your offer.** Request a seller credit toward a buydown instead of a lower price.

FOR SELLERS AND LISTING AGENTS

When a listing needs a boost

- **Instead of another price drop.** Offer a credit buyers can feel in their monthly payment.
- **A fresh hook.** "Ask about a lower payment in the first years." My team can build the flyer.
- **Stays within the rules.** The credit stays under seller-concession limits per program guidelines.

Buying, selling, or listing? Let's run your buydown numbers.

Send me the address and price. Kelli DeGrendel, my Loan Partner, runs the numbers.



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