

Live in the Payment not the Price

National trends suggest that already historically-low mortgage rates will either drop or remain the same for the rest of 2019. A small 0.5% increase in rates can add hundreds to your monthly payment, reducing your purchasing power. If you've been thinking about buying a home, you'll want to act now while rates are low.

Learn how these seemingly minor changes can significantly impact your monthly payment.

- ▶ About **55% of buyers** and **72% of first-time buyers** put less than 6% down on their home.

A down payment under 20% often requires an additional payment for Private Mortgage Insurance (PMI).

- ▶ **Private Mortgage Insurance (PMI)**

A fee lenders tack onto conventional loans as a means of protection in case the borrower defaults on a loan.

The cost ranges from .55% to 2.25% of your original loan amount per year, and can be divided up and added to your monthly mortgage payment.



Example 1

Home Purchase Amount:

\$300,000*

5% Down Payment:

\$15,000

Loan Amount:

\$285,000

PMI:

1%



30-Year Fixed Mortgage

Interest Rate	Payment (Plus PMI)	Payment (PMI Paid Off)
4.50%	\$1,681.55	\$1,444.05
4.25%	\$1,639.53	\$1,402.03
4.00%	\$1,598.13	\$1,360.63
3.75%	\$1,557.38	\$1,319.88
3.50%	\$1,517.28	\$1,279.78

Total Savings with Lowest Rate: \$61,751.78

(Difference between total payment for the highest and lowest rates)

15-Year Fixed Mortgage

Interest Rate	Payment (Plus PMI)	Payment (PMI Paid Off)
4.00%	\$2,345.61	\$2,108.11
3.75%	\$2,310.08	\$2,072.58
3.50%	\$2,274.92	\$2,037.42
3.25%	\$2,240.11	\$2,002.61
3.00%	\$2,205.66	\$1,968.16

Total Savings with Lowest Rate: \$25,666.53

(Difference between total payment for the highest and lowest rates)

Example 2

Home Purchase Amount:

\$300,000

20% Down Payment:

\$60,000

Loan Amount:

\$240,000

PMI:

None required



30-Year
Fixed Mortgage

Interest Rate	Payment
4.50%	\$1,216.04
4.25%	\$1,180.66
4.00%	\$1,145.80
3.75%	\$1,111.48
3.50%	\$1,077.71

Total Savings with Lowest Rate: \$49,802

(Difference between total payment for the highest and lowest rates)

15-Year
Fixed Mortgage

Interest Rate	Payment
4.00%	\$1,775.25
3.75%	\$1,745.33
3.50%	\$1,715.72
3.25%	\$1,686.41
3.00%	\$1,657.40

Total Savings with Lowest Rate: \$21,213.91

(Difference between total payment for the highest and lowest rates)

Example 3

Home Purchase Amount:

\$450,000

5% Down Payment:

\$22,500

Loan Amount:

\$427,500

PMI:

1%



30-Year Fixed Mortgage

Interest Rate	Payment (Plus PMI)	Payment (PMI Paid Off)
4.50%	\$2,522.33	\$2,166.08
4.25%	\$2,459.29	\$2,103.04
4.00%	\$2,397.20	\$2,040.95
3.75%	\$2,336.07	\$1,979.82
3.50%	\$2,275.92	\$1,919.67

Total Savings with Lowest Rate: \$87,627.67

(Difference between total payment for the highest and lowest rates)

15-Year Fixed Mortgage

Interest Rate	Payment (Plus PMI)	Payment (PMI Paid Off)
4.00%	\$3,518.42	\$3,162.17
3.75%	\$3,465.13	\$3,108.88
3.50%	\$3,412.37	\$3,056.12
3.25%	\$3,360.16	\$3,003.91
3.00%	\$3,308.49	\$2,952.24

Total Savings with Lowest Rate: \$38,499.79

(Difference between total payment for the highest and lowest rates)

Example 4

Home Purchase Amount:

\$450,000

20% Down Payment:

\$90,000

Loan Amount:

\$360,000

PMI:

None required

30-Year
Fixed Mortgage

Interest Rate	Payment
4.50%	\$1,824.07
4.25%	\$1,770.98
4.00%	\$1,718.70
3.75%	\$1,667.22
3.50%	\$1,616.56

Total Savings with Lowest Rate: \$74,702.24

(Difference between total payment for the highest and lowest rates)

15-Year
Fixed Mortgage

Interest Rate	Payment
4.00%	\$2,662.88
3.75%	\$2,618.00
3.50%	\$2,573.58
3.25%	\$2,529.61
3.00%	\$2,486.09

Total Savings with Lowest Rate: \$31,820.88

(Difference between total payment for the highest and lowest rates)





What's Your Purchasing Power?

Mortgage rates are an important factor in your home-buying process. Keep current with the national conversation on changing rates and where they are headed. If you've been thinking of buying your first home, upgrading to a larger home or even picking up a second property, you'll want to act while rates are low. Contact me for a referral to a trusted professional to help you determine how these low rates might improve your purchasing power.



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