

It pays to miss the tax credit

Buyers who missed the tax credit currently receive a greater windfall from lower rates that prevail today versus the week of April 30th. Rates are 0.500% lower as noted in the weekly averages published by Freddie Mac. In the below example, clients who keep their properties for more than five years are better off having missed the tax credit.

Rates won't stay this low for long - now is the time to buy before they miss this opportunity too.

Last year rates jumped 0.56% in one month from May-June, 2009 (Freddie Mac historical data)

	Scenario 1		Scenario 2	
	April 29th	Current	April 29th	Current
Program Type	30yr Fixed	30yr Fixed	30yr Fixed	30yr Fixed
Interest Only	No	No	No	No
Sales Price	\$300,000	\$300,000	\$400,000	\$400,000
1st Mortgage				
Base Loan Amt	\$289,500	\$289,500	\$386,000	\$386,000
Total Loan Amt	\$294,566	\$294,566	\$392,755	\$392,755
Loan -to-Value	96.50%	96.50%	96.50%	96.50%
Rate	5.070%	4.570%	5.070%	4.570%
Points	0.700%	0.700%	0.700%	70.000%
Payment	\$1,593.92	\$1,504.80	\$2,125.23	\$2,006.40
MI	\$132.69	\$132.69	\$176.92	\$176.92
Total 1st	\$1,726.61	\$1,637.49	\$2,302.14	\$2,183.32
Totals				
1st Trust	\$1,726.61	\$1,637.49	\$2,302.14	\$2,183.32
2nd Trust	\$0.00	\$0.00	\$0.00	\$0.00
Taxes	\$300.00	\$300.00	\$440.00	\$440.00
Hazard	\$40.00	\$40.00	\$50.00	\$50.00
Condo or HOA	\$0.00	\$0.00	\$0.00	\$0.00
Monthly Total	\$2,066.61	\$1,977.49	\$2,792.14	\$2,673.32
	5-yr savings	\$7,442.00	5-yr savings	\$9,922.00
	10-yr savings	\$14,627.00	10-yr savings	\$19,503.00
	30-yr savings	\$32,678.00	30-yr saving	\$43,566.00

