Listing Strategy Workshop

Before You Cut the Price

Creative financing strategies to help listings sell without giving away seller equity

A Realtor-focused workshop
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What creates more buyer impact?

$10K
price cut
Small monthly payment change

vs.

$10K
payment strategy
Potentially much stronger buyer benefit

Teach the strategy. Protect the equity.

The pressure point every listing agent knows

Showings slow down. Feedback turns vague. Sellers want action.

“Should we just drop the price?”

Today’s workshop is about what to check before you say yes.

Buyers shop payment. Sellers think price.

That mismatch creates a listing strategy opportunity.

Seller Mindset

Sales price
Net proceeds
Appraised value

Buyer Mindset

Monthly payment
Cash to close
Confidence

Agent Opportunity

Translate seller dollars into buyer benefit

A price cut may barely move the monthly payment

Example: $500,000 list price, 10% down, 30-year fixed, 6.50% note rate. Principal & interest only.

$56.89	$564.22	~10x
Approx. monthly savings from a $10,000 price reduction	Approx. Year 1 monthly savings with 2/1 buydown	More monthly impact in Year 1 from payment strategy

This is why “reduce the price” is not always the first or best move.

Assumptions are illustrative only and will vary by rate, loan amount, program, seller credit limits and buyer qualification.

What is a 2/1 buydown?

A temporary seller-funded payment subsidy, not a permanent price cut.

Note rate stays the same. Payment subsidy steps down over time.

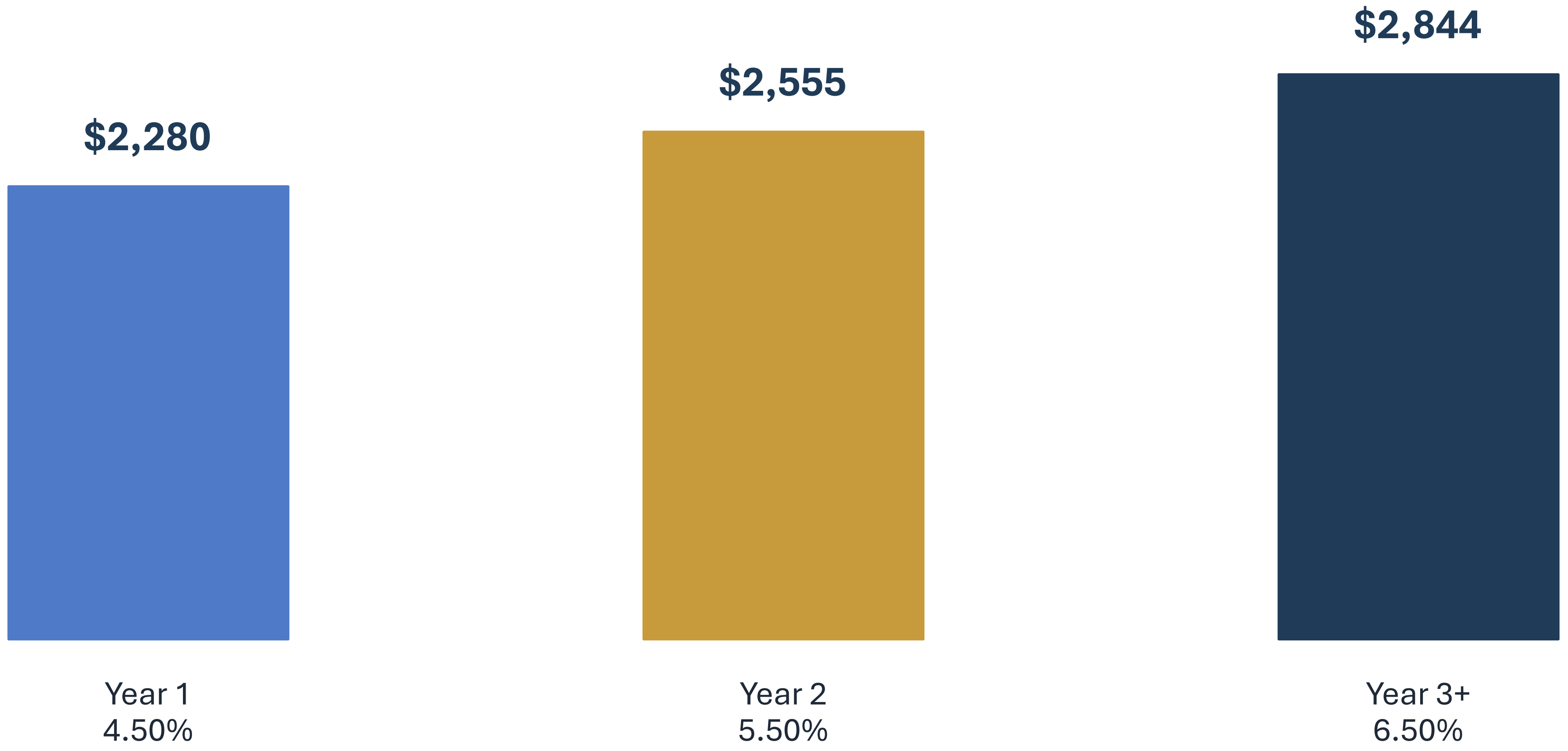
Year 1	Year 2	Year 3+
Buyer pays as if rate were 2% lower	Buyer pays as if rate were 1% lower	Full note rate payment

- Typically funded at closing and held to subsidize monthly payments.
- Buyer still needs to qualify based on program and underwriting rules.
- Great conversation starter when payment is the buyer’s main objection.

Guideline note: program rules vary by loan type and investor.

The payment story agents can explain simply

Same $500,000 purchase price. $450,000 loan amount. P&I only.



Example: the math behind a 2/1 buydown

How the payment savings becomes the seller-funded subsidy amount.

Sample scenario

Sales price	**$500,000**
Down payment	**10%**
Loan amount	**$450,000**
Note rate	**6.500%**
Full P&I payment	**$2,844.31**

Calculate the monthly subsidy

Period	Effective rate	Monthly P&I	Monthly subsidy	# pmts	Yearly subsidy
Year 1	4.500%	$2,280.08	**$564.22**	12	**$6,770.67**
Year 2	5.500%	$2,555.05	**$289.26**	12	**$3,471.07**
Years 3–30	6.500%	$2,844.31	$0.00		

Year 1 monthly savings

$2,844.31 – $2,280.08 = $564.22

Year 2 monthly savings

$2,844.31 – $2,555.05 = $289.26

Total seller subsidy

$10,241.74

Realtor takeaway: the seller funds the difference between the full payment and the temporary reduced payments — not a permanent price cut.

Why sellers should care

You are not just “giving a credit.” You are choosing how seller dollars work.

Protects perceived value

A concession can help affordability without immediately resetting the visible price downward.

Creates a stronger story

“Seller will help lower your first-year payment” is more concrete than “price reduced.”

Can protect seller net

The right structure may create more buyer benefit per seller dollar than a simple price cut.

Realtor takeaway: Before cutting price, ask what the same dollars can do to solve the buyer’s actual objection.

Why buyers should care

A 2/1 buydown helps bridge the psychological gap between today's payment and tomorrow's comfort level.

Lower initial payment

- More confidence entering the first year of ownership.
- Time to adjust after moving costs, new utilities and repairs.
- Useful when the buyer loves the home but stalls on payment.

When a 2/1 buydown may be a smart listing tool

Use it when the problem is payment friction — not when the home is simply overpriced.

- Stale listing with positive feedback but weak offers.
- Price point where buyers are rate-sensitive.
- Seller has room to offer a concession but wants to protect headline price.
- Buyer expects income growth, lower debt, or more comfort after move-in.
- Market where competing listings are all saying the same thing.

Best line to remember:

“Let’s find out whether the buyer needs a lower price, a lower payment, or lower cash to close.”

When it may not be the answer

This is where expertise matters. Strategy only works when it fits the buyer, loan and property.

Wrong problem

If the home is overpriced, a concession may not fix poor market positioning.

Wrong buyer

Some buyers need cash to close more than temporary payment relief.

Wrong structure

Program limits, investor overlays, appraisal issues or qualification rules can change the answer.

The point is not to force a buydown — it is to model the options before making the seller give up equity.

The seller concession toolbox

Think of the concession as a bucket of dollars that can be allocated strategically.

Closing-cost help

Best when buyer has income but not enough cash to close.

Temporary buydown

Best when first-year payment is the hurdle.

Permanent buydown

Best when long-term payment is more important than upfront savings.

Combination

Best when the buyer has more than one problem to solve.

Don’t decide where the dollars go until you know what is stopping the buyer from saying yes.

Payment problem, cash problem or price problem?

A simple diagnostic framework agents can use in real conversations.

Ask first. Structure second.

Payment problem

Try temporary buydown or permanent rate buydown comparison.

Cash problem

Try closing-cost credit, prepaid items or reserves strategy.

Price problem

Then a true price adjustment may be necessary.

The best agent does not only negotiate dollars — they diagnose the objection.

Scenario 1: The stale listing

Seller wants to reduce $15,000. What else should we test first?

Listing feedback: "Nice house, but buyers are stretching on payment."

A	B	C	D
Reduce price	Closing-cost credit	2/1 buydown	Combination

Discussion prompt: Which option creates the most buyer excitement without unnecessarily lowering the seller's value?

Scenario 2: Buyer loves the home but hates the payment

Don’t lose the buyer before you model alternatives.

The offer is close. The emotional fit is there. The payment feels uncomfortable.

- Ask whether the barrier is the full payment or the first year of ownership.
- Compare price cut vs. temporary buydown vs. permanent buydown.
- Show the agent and buyer the numbers side by side — not in vague terms.

Agent line: **“Let’s see whether we can solve the payment before we walk away from the house.”**

Scenario 3: Buyer has income but not enough cash

Sometimes the best seller dollars are the ones that reduce friction at closing.

A buydown is not always the hero.

Better use

Closing-cost credit to preserve cash and improve buyer confidence.

Potential issue

Concession cannot simply become extra cash back beyond allowable costs.

Next step

Get the loan estimate and closing cost picture modeled properly.

Language agents can use with sellers

These are listing tools, not mortgage lectures.

At the listing appointment

“If we hit resistance, my first recommendation will not automatically be cutting your price. We will test whether buyer incentives can create more impact first.”

When seller is nervous

“A price cut is permanent. A financing strategy may help us solve the objection while protecting your value.”

When showings slow

“Before we reduce the price, let’s see what those same dollars can do toward buyer payment or cash to close.”

When competing for listings

“My marketing plan includes a financing strategy review before we recommend any price change.”

Offer and counteroffer language

Make the concept easy to negotiate.

Keep it plain English first; let the lender and contract language handle the technical detail.

Buyer-side idea

“Buyer requests a seller credit to be applied toward allowable closing costs, prepaid expenses and/or interest-rate buydown options, subject to loan program requirements.”

Listing-side idea

“Seller is willing to consider buyer incentives that improve affordability, including temporary or permanent rate buydown options where permitted.”

Always confirm exact contract wording with the broker, lender and settlement team.

Guardrails: what agents should know

The opportunity is real, but it has rules.

- Seller credits and buydown funds are subject to interested-party contribution limits.
- Not every loan type, property type, borrower profile or investor overlay works the same way.
- The buyer must be qualified under applicable underwriting rules.
- The buydown agreement and funding must be handled correctly at closing.
- Advertising should avoid guarantees and should use compliant, scenario-specific language.

Bottom line: recognize the opportunity, then model it with the financing team before promising it.

The “run the numbers first” workflow

A simple process agents can plug into their business immediately.

1. Identify the objection
2. Choose the seller-dollar amount
3. Model price cut vs. credits
4. Pick the cleanest strategy
5. Put it into listing/offer language

The agent who can slow down the price-cut panic and give a smarter option brings real value.

The worksheet: Before You Reduce the Price

Use this as a team conversation with seller, buyer agent and lender.

Current list price __________

Proposed reduction __________

Buyer objection: price / payment / cash __________

Available seller credit __________

Option A: price reduction impact __________

Option B: closing-cost credit impact __________

Option C: temporary buydown impact __________

Option D: permanent buydown impact __________

Free Excel calculator

Best buyer benefit + seller net __________

Source notes for today’s discussion

Use these as general guideposts; always verify the exact scenario before advising a client.

- Fannie Mae Selling Guide: temporary interest-rate buydowns are allowed on eligible fixed-rate mortgages and certain ARMs for principal residences or second homes, with limits and written agreement requirements.
- Fannie Mae IPC rules: buydown funds count as interested party contributions and cannot be used for down payment or reserves.
- Freddie Mac guidance: temporary subsidy buydown plans can provide lower initial P&I payments with predictable increases.
- CFPB consumer guidance: points and credits are tradeoffs between upfront costs and monthly payment/rate.

Sources: Fannie Mae Selling Guide B2-1.4-04 and B3-4.1-02; Freddie Mac Guide 4204.3; CFPB points and lender credits guidance. Content is for educational discussion, not individual underwriting approval.

Don’t automatically cut the price.

Run the numbers first.

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Happy to model scenarios for your listings and help you compare strategies before recommending a price reduction.

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