

How Temporary & Permanent Buydowns Enable Buyers to Lower Mortgage Rates

In today's Denver housing market—where mortgage rates hover in the mid-6s and affordability remains the region's defining challenge—buyers are looking for any lever that makes the monthly payment feel less punishing. Two tools dominate the conversation right now: **temporary interest rate buydowns** and **permanent rate buydowns**. They sound similar, but they behave very differently, and the choice between them depends heavily on how long a buyer expects to stay in the home and what they believe about future rates.

A **temporary buydown** is exactly what it sounds like: a short-term reduction in the interest rate, usually for the first one to three years of the loan. The most common versions in Denver are the **2-1 buydown** (2% lower in year one, 1% lower in year two) and the **3-2-1 buydown** (a three-year glide path back to the full rate). These programs have exploded in popularity across the Front Range because they're **typically paid for by the seller**, not the buyer. In a market where sellers are increasingly offering concessions to attract buyers, a temporary buydown has become a go-to incentive. From the seller's perspective, it's more likely to attract buyers

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used" boxes instead of buying new ones, part of our commitment to sustainability.

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If you list your home with me, it will be featured on this page and on page 3 of all 24 metro area weekly newspapers. Call me at **303-525-1851** for details!

3-BR Wyndham Park Townhome Is Priced to Sell!



Enjoy maintenance-free, lock-and-leave living in this contemporary Wyndham Park townhome at **13527 W. 63rd Way, Arvada**, convenient to the Duncan YMCA on Eldridge Street and multiple shopping opportunities east and west along 64th Avenue. The finished basement with its dual egress windows has been outfitted as a third bedroom with an ensuite 3/4 bathroom for multi-generational living. If you drive an EV, you'll appreciate the included Level 2 charger in the garage. We priced this home to sell quickly. A narrated video tour plus drone video, floor plans and interior photos can be found online at www.GRElistings.com. Then come to our open house tomorrow, **Sunday, Mar. 29**, from **11 a.m. to 1 p.m.** or call **Jim Smith** at **303-525-1851** to schedule a showing.



For buyers, the appeal is obvious. On a \$600,000 Denver-area home with \$200,000 down, a 2-1 buydown can reduce the first-year payment by several hundred dollars a month. That's real breathing room at a time when wages haven't kept pace with home prices.

A **permanent buydown**, by contrast, can be funded by the **buyer or the seller**, each point costing 1% of the loan amount and typically reducing the rate by about 0.25%. This is a long-term play. Instead of easing into the payment, you're lowering it for the life of the loan. On that same \$600,000 home, buying the rate down by half a percent might cost \$8,000 to \$12,000 upfront, depending on the lender and market conditions.

The math is straightforward: temporary buydowns deliver more savings in the first two to three years, while permanent buydowns deliver far more savings over a seven- to ten-year horizon. But not all buyers expect to stay in their mortgage that long. Between job changes, family transitions, and the persistent hope of refinancing into something better, the average Front Range homeowner rarely keeps the

same 30-year loan for a decade or longer.

So, which option makes the most sense for you? In a high-rate environment with motivated sellers, temporary buydowns are often the smarter, cheaper tool, especially when the seller is footing the bill. They soften the initial payment shock without draining the buyer's cash reserves — critical in a market where down payments and closing costs already stretch budgets thin.

Here's How to Prepare & What to Expect at Closings

Closing day may feel like the finish line, but it's really the final lap where all the work of negotiating, inspecting, appraising and underwriting comes together. A typical closing begins with a careful review of the numbers. Buyers go through the title company's draft settlement statement a day or two prior to closing, confirming figures and the funds your bank must wire to the title company in time for the closing — preferably the day before. (The closer won't accept a personal or certified check.)

Sellers review payoff amounts, prorated taxes, commissions, and any agreed-upon debits and credits. This is the moment to ask clarifying questions, not to renegotiate, but to ensure accuracy.

Buyers should review the Closing Disclosure from their lender as soon as it arrives, comparing it to the original loan estimate and flagging any unexpected fees.

Expect to do a final walk-through with your agent prior to closing to confirm the home's condition and verify that agreed-upon repairs have been completed.

At closing, both parties provide photo IDs, and the signing begins. A good closer will explain every document. Buyers typically have more to sign — the promissory note, deed of trust, and lender disclosures, while sellers sign the deed and a smaller set

Permanent buydowns still have their place, particularly for buyers with strong cash positions who plan to stay put. But for most Denver-area buyers navigating 2026's affordability crunch, the temporary buydown has become the pragmatic bridge between today's rates and tomorrow's possibilities.

To see if a buydown strategy is right for you, call **Jaxzann Riggs** of The Mortgage Network at **303-990-2992**.

of documents, relating perhaps to the payoff of outstanding loans.

Property taxes for the current year, prorated to the date of closing, are debited to the seller and credited to the buyer, who will pay the full year's taxes next spring. If taxes and insurance have been escrowed by the lender, the seller can expect a refund of the escrow balance within 30 days.

The buyer's lender has hopefully wired the loan funds in advance. Sellers receive their proceeds within 24 hours by wire, and need to provide the ABA routing number and account number for the receiving account. I suggest bringing a voided check.

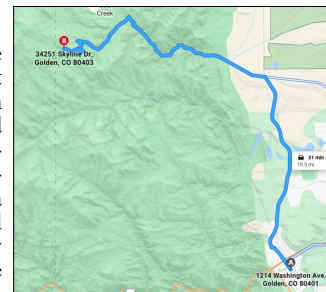
The title company sends the notarized deed to the county for recording, which happens a few days later.

On the day of closing, the seller should call their gas & electric utility to say they have sold the home. It will do a final reading of the meters, or possibly ask the seller to provide those readings. Seller should also call their insurance agent, who will end coverage and order a return premium.

If you have a cable or internet provider, you need to contact them too, but water and sewer transfers are handled by the title company, which will escrow a few hundred dollars from seller's proceeds to pay the final bill, then refund the balance.

1-Acre Vacant Lot in Coal Creek Canyon

This stunning 1.02-acre vacant property at **34251 Skyline Dr.** offers a perfect blend of mountain serenity and convenient access, just 30 minutes from both Boulder and downtown Golden. The property features a mix of pine trees, aspens, and striking rock outcroppings, creating a truly peaceful and scenic setting. It has many potential building sites. This lot provides flexibility to design and build your ideal home or a weekend retreat, with year-round access on county-maintained roads, and no HOA or restrictive covenants. This property offers endless possibilities, priced at only **\$110,000**. For more information, call **David Dlugasch** at **303-908-4835**.



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