



DISCOUNT POINTS RATE REDUCTION

THREAT



SYSTEM



**There Is No Way
To Decrease
Interest Rates**

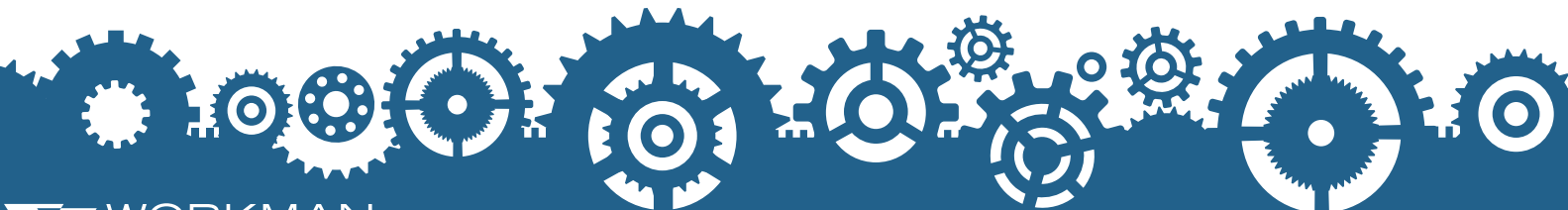


**Discount Points
Rate Reduction
System**



As a buyer, Juan faced fear and uncertainty about purchasing a home, especially after learning the monthly mortgage payment would be higher than he expected. After talking to his lender, he discovered that his loan's interest rate was the main contributor

for the inflated cost. He asked his agent, Emily, if it would be possible to reduce the interest rate on a home loan. Emily had been working hard to develop her skills for the changing market, so she was prepared to explain how to use discount points to buy down the interest rate. She was able to help Juan gain confidence regarding his ability to buy a home today.





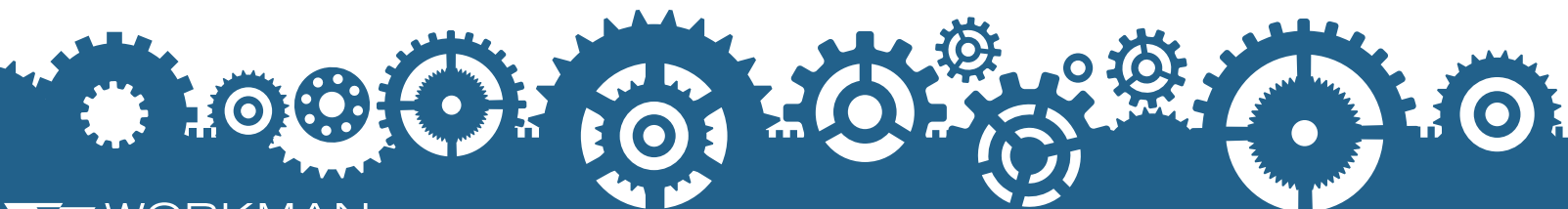
Emily prepared a script to use to be able to internalize what to say. She also created a **Guide to Understanding the Discount Points Rate Reduction System** as well as a simple calculator to help clients like Juan understand how discount points might reduce monthly payments. She explained that it's possible to get sellers to contribute toward a buyer's closing costs in today's market and that the buyer is free to use these funds to pay discount points to their lender, if they choose. Juan was overjoyed and told Emily to schedule some showings that week; he was going to buy a house and he was going to buy it now.



For Access to our FREE resources, visit www.WorkmanSuccess.com/THESHIFT

DISCOUNT POINTS RATE REDUCTION SYSTEM RESOURCES:

- Story
- Calculator
- Example (*private clients only*)
- Guide (*for consumers*)
- Script (*private clients only*)
- Assignments (*private clients only*)





UNDERSTANDING

DISCOUNT POINTS RATE REDUCTION

WHAT ARE MORTGAGE DISCOUNT POINTS?

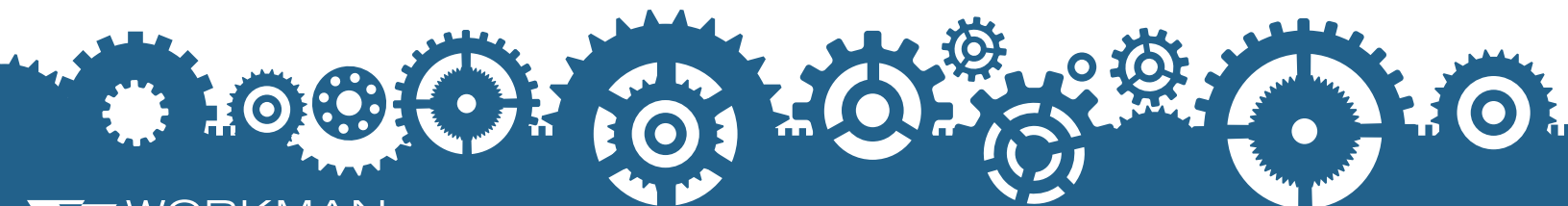
Mortgage discount points are fees paid to a lender to reduce your interest rate. They allow a borrower to trade paying more money upfront in exchange for a lower interest rate. A borrower can pay more in closing costs for smaller monthly payments over the life of the loan. Having an understanding of this substantial savings opportunity over the life of the loan is key.

When reviewing interest rates from mortgage lenders, you'll often see different numbers listed, including:

1. Mortgage interest rate
2. APR (Annual Percentage Rate)
3. Points

The mortgage interest rate is the percentage of the loan you are paying your lender to borrow the money.

APR is the yearly income received by the lender over the life of the loan, reflected as a percentage of the loan amount (this includes other fees and costs charged in addition to the interest).





UNDERSTANDING

DISCOUNT POINTS RATE REDUCTION

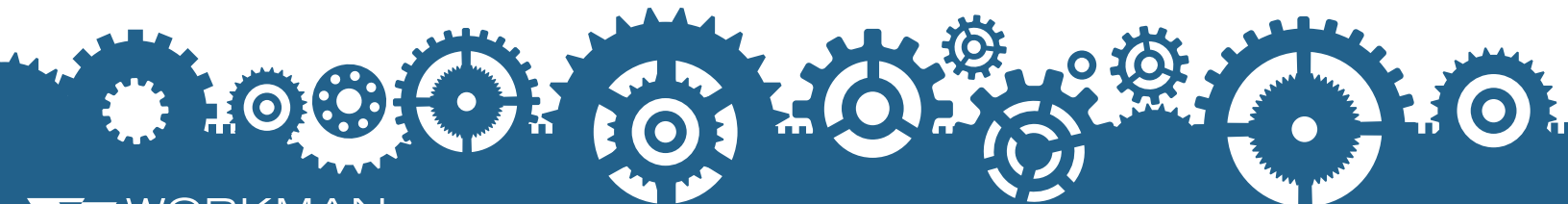
Points are fees associated with buying down your interest rate. Each discount point equals 1% of your loan amount and this discount point typically decreases your interest rate by about 0.25%. Rates vary per lender, so it is recommended that you get quotes from several lenders to fully understand the terms of your interest rate buy-down agreement.

For example, imagine you're taking out a \$400,000 mortgage loan. Here's how the interest rate and total interest paid might look with and without mortgage points:

MORTGAGE POINTS	TOTAL COST	INTEREST RATE	INTEREST PAID
0.0	\$0	5.0%	\$373,000
0.5	\$2,000	4.875%	\$362,000
1.0	\$4,000	4.75%	\$351,000
2.0	\$8,000	4.5%	\$329,600

Interest rates shown are for example only. Your own mortgage rate and discount points will vary.

Note: Banks and the government may consider discount points to be a form of “prepaid interest,” which is tax-deductible for eligible taxpayers. For some borrowers, there’s an added tax advantage to discount points. Consult your tax advisor for more information on your specific situation.





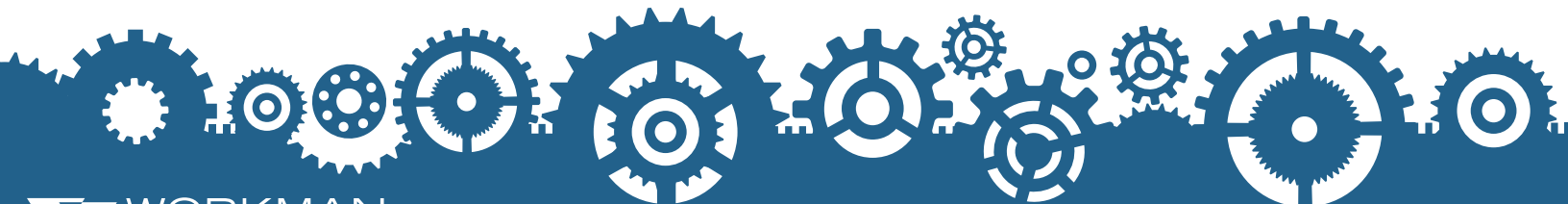
INTEREST RATE BUY DOWN EXAMPLE

JULY 24, 2022 IN METRO ATLANTA, GA

LOAN-TO-VALUE	→	90% (10% Down)
AMORTIZATION	→	30 Year Fixed
PAR RATE	→	5.625

DISCOUNT POINTS:

1.0	=	5.375%
2.25	=	5.00%
3.0	=	4.75%





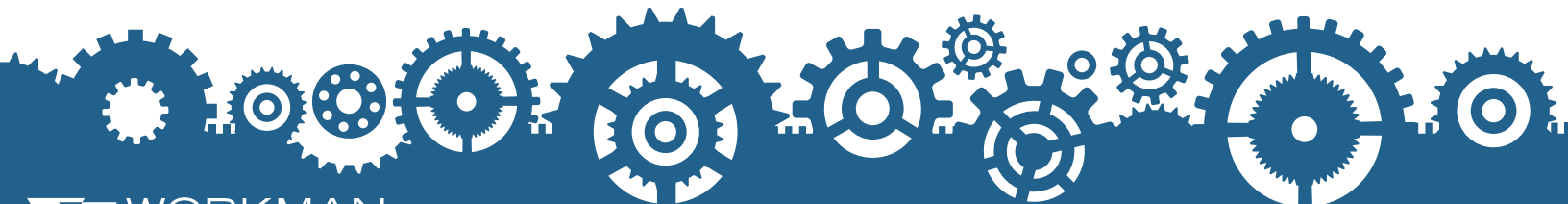
INTEREST RATE BUY DOWN EXAMPLE

JULY 24, 2022 IN METRO ATLANTA, GA

LOAN-TO-VALUE → 80% (20% Down)
AMORTIZATION → 30 Year Fixed
PAR RATE → 5.625

DISCOUNT POINTS:

1.0	=	5.375%
2.25	=	5.00%
3.0	=	4.875%





SCRIPT FOR DISCOUNT POINTS RATE REDUCTION

AGENT: I wanted to reach out to see if you're ready to take a look at a couple of homes in Westminister this weekend.

BUYER: Thank you for calling, but we just can't justify moving forward with interest rates as high as they are today.

AGENT: I can understand that and I've heard we might have additional rate increases in the upcoming months. Did you know that it's possible to buy down your mortgage interest rate with some additional upfront payment?

BUYER: I had no idea I could do that.

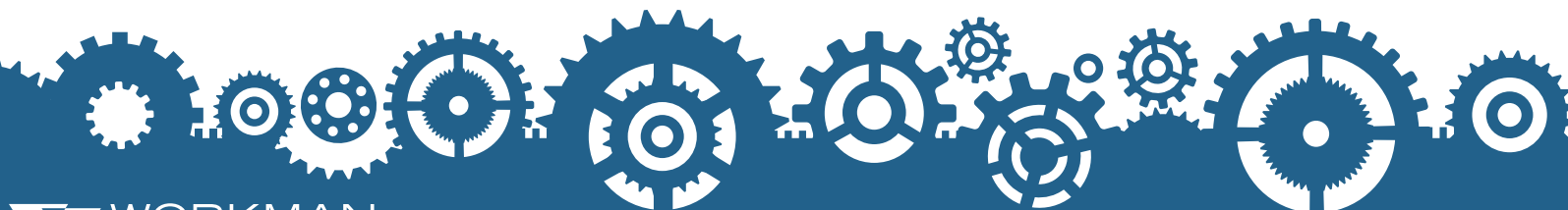
AGENT: Would you like to learn more about how it works?

BUYER: Yes

AGENT: Are you able to jump on a Zoom call and let me show you?

BUYER: Can we do it in about an hour?

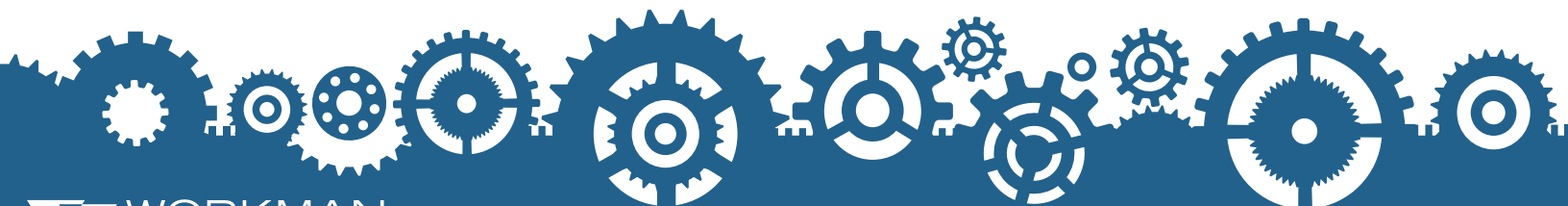
AGENT: Absolutely. I'll send you the link and see you one hour from now. If anything changes, let me know.





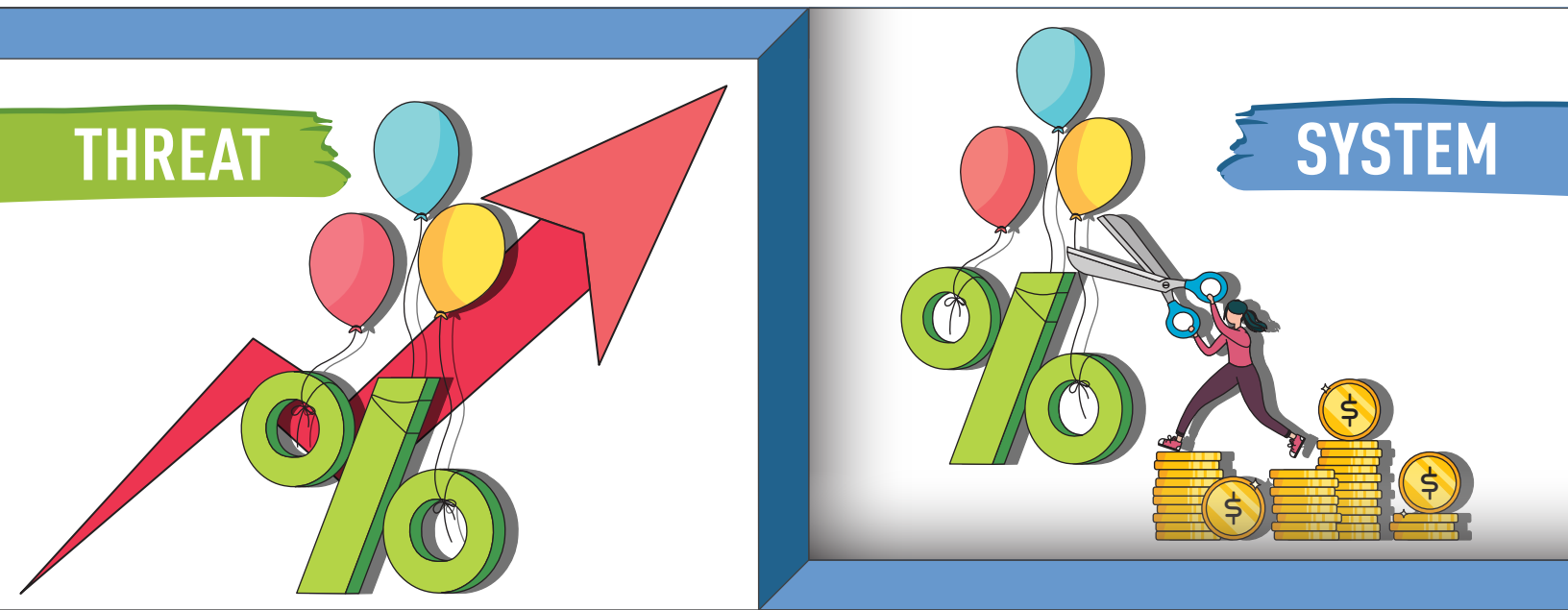
ASSIGNMENTS FOR DISCOUNT POINTS RATE REDUCTION

1. Download the Story and Resources.
 - a. The **Discount Points Rate Reduction System** Story
 - b. Guide to understanding the **Discount Points Rate Reduction System** (for consumers)
 - c. The **Discount Points Rate Reduction System** Example
 - d. Calculator for the **Discount Points Rate Reduction System**
 - e. Script for the **Discount Points Rate Reduction System**
2. Role-play the script and practice using the resources with team members a minimum of five times.
3. Role-play with safe people (friends, family, Top 50, etc.) a minimum of five times. Practice overcoming the objection “there is no way to decrease interest rates” (or something similar) utilizing the **Discount Points Rate Reduction System**.
4. Use the system in live prospecting calls. Have a minimum of three conversations per day about the **Discount Points Rate Reduction System** each day you work over the next 30 days.
5. Include discussion of the **Discount Points Rate Reduction System** and any updates during your daily huddles and weekly team meetings.
6. Track dials and appointments in **Daily Success Habits** and on your **Top 50** tracker, if applicable.





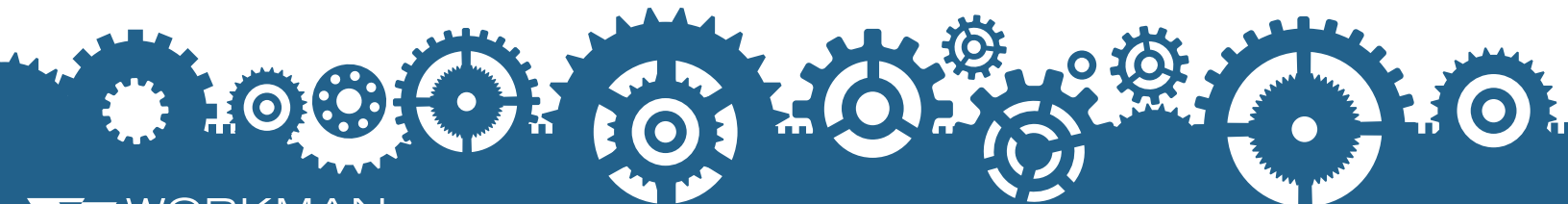
7. Keep the prospect's information up to date in the **Lead Tracker** or in your **CRM**.
8. Identify and implement marketing activities for this system in your **Four Pillars Of Income**. How can this messaging be used in one of the marketing avenues below in all of your four pillars?
 - a. Social media
 - b. Videos
 - c. Phone calls
 - d. Text messages
 - e. Postcards or other mailings
 - f. Open houses
 - g. Other marketing activities
9. Report results and issues during coaching sessions. Discuss victories and challenges, then make course corrections for improvement.
10. Add success stories to **THE SHIFT** Community Page.
11. Upload to **THE SHIFT** Community Page any examples of effective marketing materials you used with this system.



There Is No Way To Decrease Interest Rates



Discount Points Rate Reduction System



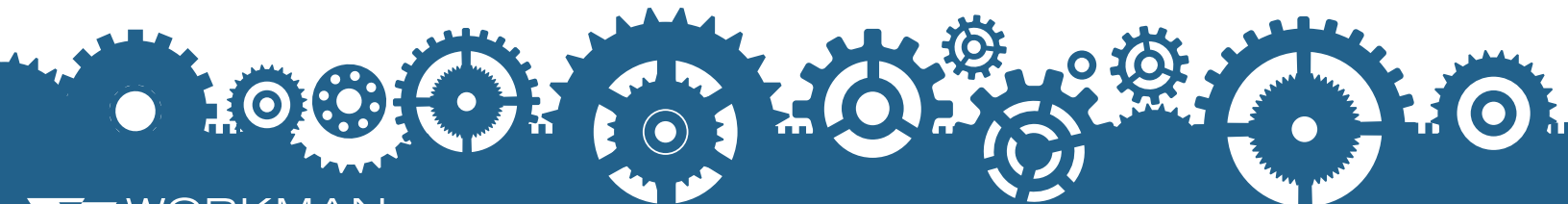


COACHING

DISCOUNT POINTS

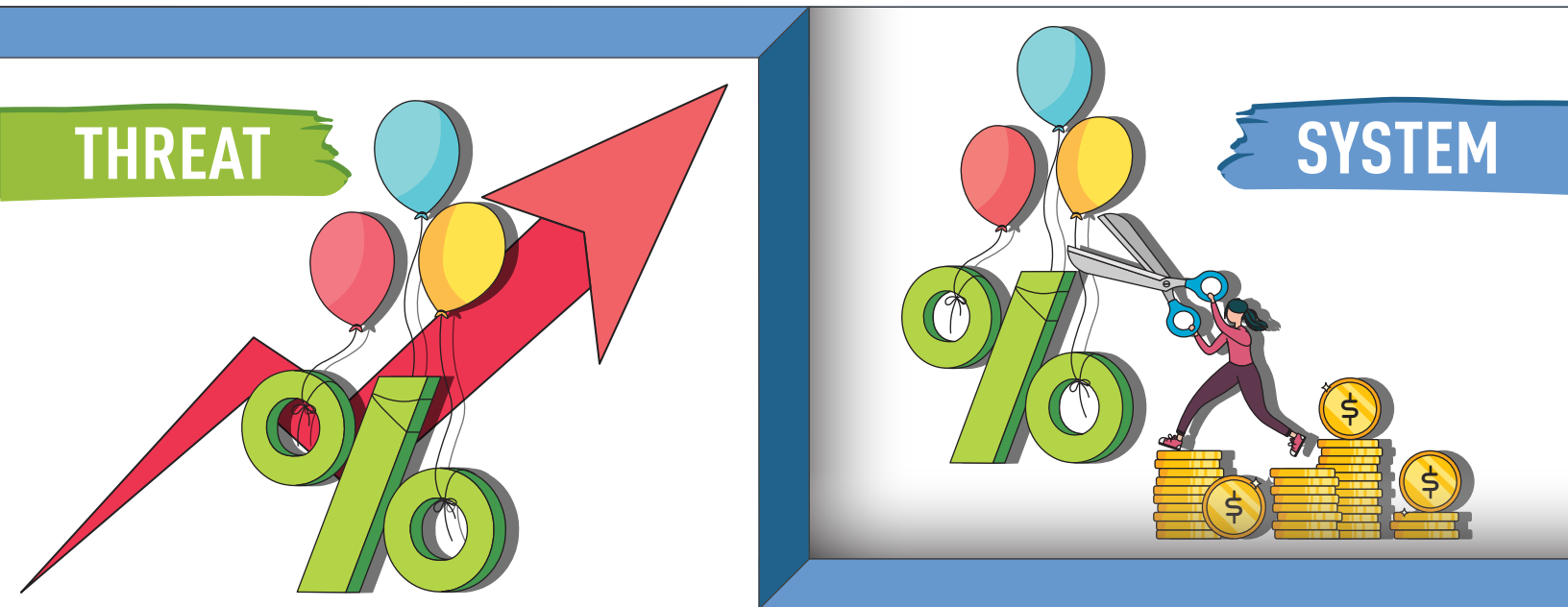
RATE REDUCTION

1. Have the coaching client (team leader and team members) download **THE SHIFT Success Systems for a Changing Market** and read the section on The Threat: **There Is No Way To Decrease Interest Rates**. They should download the following:
 - a. The **Discount Points Rate Reduction System** Story
 - b. Guide to understanding the **Discount Points Rate Reduction System** (for consumers)
 - c. The **Discount Points Rate Reduction System** Example
 - d. Calculator for the **Discount Points Rate Reduction System**
 - e. Script for the **Discount Points Rate Reduction System**
 - f. Assignments to Start Using the **Discount Points Rate Reduction System**
2. Schedule time during a team meeting or training session to **review** the resources below with the team leader and team members. Do they **understand** the concept or is there any pushback (any reason they believe it might not work)? If you encounter any pushback or issues of understanding, you must stick with Review and Understanding until they are **committed** to using the system in their prospecting efforts. Note: This commitment might come only after they give it a try.
 - a. The **Discount Points Rate Reduction System** Story
 - b. Guide to understanding the **Discount Points Rate Reduction System** (for consumers)
 - c. The **Discount Points Rate Reduction System** Example
 - d. Calculator for the **Discount Points Rate Reduction System**
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 - f. Assignments to Start Using the **Discount Points Rate Reduction System**





3. Role-play how to use each of the resources above, including the script. Begin with the team, then move to safe people (friends, family, Top 50, etc.), and finally move to live prospects.
4. Add the “**Discount Points Rate Reduction System**” to daily huddles, weekly meetings, and role-plays.
5. Make sure the team is using the **Lead Tracker**, **Daily Success Habits**, **ABC’s of Lead Management**, **Double-Looping**, and the **Top 50** program to ensure the success of this new system.
6. Have the team leader regularly ask how the **Discount Points Rate Reduction System** is helping to keep prospecting conversations moving forward when the objection “**There Is No Way To Decrease Interest Rates**” (or something similar) comes up.
7. Have the team download the **Objection Skillset Journal** (from **SLAM**) and update the spreadsheet weekly with common objections and potential solutions (many of which will come from **THE SHIFT**).
8. Ask the client to share any success stories with you and ensure these success stories and marketing examples are uploaded to the **Community Page**.



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