THE "WAIT FOR LOWER RATES" TRAP • MERCED COUNTY

Financial Analysis: Buying Today at 6.75% vs. Waiting 2 Years for 5.25% (10% Down | 3.0% Annual Appreciation)

1. TOTAL 2-YEAR EXTRA PAYMENT

-$5,420

$226/mo difference over 24 months ($2,335/mo vs $2,109/mo at 10% down).

2. NEW EQUITY & WEALTH BUILT

+$32,301

+$24,360 in price appreciation + **+$7,941** principal loan paydown.

3. NET FINANCIAL ADVANTAGE

+$26,880

Net profit gained by purchasing today instead of waiting 2 years in Merced County.

COMPARISON FACTOR	OPTION A: BUY TODAY	OPTION B: WAIT 2 YEARS	DIFFERENCE / NET IMPACT
Purchase Price	$400,000	$424,360 (+3.0%/yr compounded)	**+$24,360 higher price**
Interest Rate & Down Payment (10%)	6.75% • **$40,000**	5.25% • **$42,436**	**+$2,436 more cash down needed**
Loan Amount	$360,000	$381,924	+$21,924 borrowed
Monthly Payment (P&I)	$2,335 / mo	$2,109 / mo	**+$226 / mo higher today**
Extra Payments Over 2 Years (24 mos × $226/mo)	24 months of paying an extra $226/month		**-$5,420 total extra cost**
New Equity Created in 2 Years	**+$32,301** ($24.4k apprec. + $7.9k paydown)	$0 (No equity built while waiting)	**+$32,301 captured equity**
NET PROFIT OF BUYING TODAY	**New Equity (+$32,301) – Extra Payments Paid ($5,420)**		**+$26,880 NET PROFIT**

The Refinance Advantage ("Date the Rate, Marry the Price"): When rates drop to 5.25% in Year 2, the Merced County buyer who purchased today has paid their balance down to **$352,059**. Refinancing into a new 30-year loan drops their payment to **$1,944 / month** — which is **$165 / month CHEAPER** than what a waiting buyer will pay on the $424,360 home ($2,109 / month).