

3321 23rd Street, San Francisco

TIC vs CONDO?

Buyers often ask, if TIC interest rates are higher than for condos, how is it that a TIC is better value for money? For one thing, TIC's are generally priced about 25% less than condos.

The TIC vs Condo example below is based on real world financing rates and terms as of Oct 2020.

Terms based on 7/1 ARM financing:

TIC Financing Scenario	TIC	Vs.	Condo	Condo Financing Scenario
Square Feet	1,880		1,880	Square Feet
Price per Square Foot	\$ 795.00		\$ 1,080.00	This is the ave \$psf of all sold condo listings on MLS in The Mission with 2-3-bed/2-3 bath*
Actual List Price	\$ 1,495,000	Vs.	\$ 2,030,400	Effective List Price

Down Payment Percentage	20%		20%	Down Payment Percentage
Down Payment	\$ 299,000		\$ 406,080	Down Payment
Loan Amount	\$ 1,196,000		\$ 1,624,320	Loan Amount
Estimated Cash to Close	\$ 316,500	Vs.	\$ 423,580	Estimated Cash to Close

Years 1-7				Years 1-7	
Initial Interest rate / APR	3.50%		2.50%	Initial Interest rate / APR	
Principal & Interest	\$ 5,371	\$	6,418	Principal & Interest	
Mortgage Insurance	\$ -	\$	-	Mortgage Insurance	
Estimated Taxes & Property Insurance	\$ 1,381	\$	2,190	Estimated Taxes & Property Insurance	
HOA Dues pm	\$ 300	\$	300	HOA Dues pm	
Estimated Monthly Payment	\$ 7,052	Vs.	\$ 8,908	Estimated Monthly Payment	

Years 8-30 - Minimum & Maximum*				Years 8-30 - Minimum & Maximum	
1 yr LIBOR + 3.5%, lifetime max 8.5%				Min. 2.25% / Lifetime Max 7.50%	
Interest Rate	8.50%		7.50%	Interest Rate	
Principal & Interest	\$ 9,196	\$	10,134	Principal & Interest	
Estimated Total Monthly Payment	\$ 10,877	Vs.	\$ 12,624	Estimated Total Monthly Payment	

*NOTE, years 8-30 based on original loan amount, not adjusted for principle paydown over 1st 7 years

