



# Temporary Buydown Checklist

**Loan Number:**

**Borrower Name:**

## ELIGIBLE PRODUCTS & BUYDOWN TERMS

Products	Terms
<ul style="list-style-type: none"> <li>Conventional 30-year Fixed</li> <li>FHA 30-year Fixed</li> <li>VA 30-year Fixed</li> <li>USDA 30-year Fixed</li> </ul>	<ul style="list-style-type: none"> <li>3-2-1-0</li> <li>2-1-0</li> <li>1-0</li> </ul>

**Buydown Agreement Must Be Included In The Loan File**

## PROGRAM GUIDELINES - BUYDOWNS

### Conforming Fixed

<b>Eligible subject to the following:</b> • 3-2-1 • 2-1 • 1-0	<b>DU -Check for Special Feature Code</b> <ul style="list-style-type: none"> <li>For a 2/1 or a 1/0 Buydown enter SFC 009</li> <li>For a 3/2/1 Buydown enter SFC 014</li> </ul>	<ul style="list-style-type: none"> <li>Purchase or Rate/Term Refinance</li> <li>Primary Residence or Second Home</li> </ul>
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Funds may come from the lender, borrower, seller or other eligible interested party.  
 Interested Party Contribution (IPC) limits apply when the source of funds is a party to the transaction.

**Rate/Term refinances where the Buydown plan is funded from lender credit derived from an increase in the interest rate are ineligible.**

**Manufactured Homes are Ineligible**

### FHA Fixed

**Eligible subject to the following:**

- 3-2-1
- 2-1
- 1-0

Funds may come from the lender, borrower, seller or other eligible interested party.  
 Interested Party Contribution (IPC) limits apply when the source of funds is a party to the transaction.

### USDA

**Eligible subject to the following:**

- 2-1
- 1-0

Funds may come from the lender, seller or other eligible interested party.  
 Interested Party Contribution (IPC) limits apply when the source of funds is a party to the transaction.

**Borrower funded Buydowns are not eligible.**

### VA Fixed

**Eligible subject to the following:**

- 3-2-1
- 2-1
- 1-0

Funds may only be provided by the seller.  
 Ineligible sources of Buydown funds include the buyer, lender or other interested party.  
 Interested Party Contribution (IPC) limits apply.

**DOCUMENT REVIEW****BUYDOWN AGREEMENT**

Buydown Agreement is required regardless of the type of Buydown (source of funds), as the Buydown terms would not be reflected on the Note or Mortgage.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
Buydown funds amount is specified.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
Identifies how the funds will be applied against the monthly payments over the term of the Buydown. Real numbers specific to the transaction should be used.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
Note terms are not altered or modified.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
Requires that the funds in the Buydown account be transferred to the new servicer if the mortgage is included as part of a subsequent transfer of servicing.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
States that the borrower is not relieved of his or her obligation to make the mortgage payments required by the terms of the Mortgage Note if, for any reason, the Buydown funds are not available.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
States that the Borrower will not assign, transfer or close the account, or withdraw Buydown funds, except as permitted by the terms of the Buydown agreement.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
States that Buydown funds cannot be used to pay past-due payments.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
States that in the event of payoff or other early termination of the loan, Buydown funds will not be refunded to the provider but rather applied to the loan balance. However, if the lender provided the Buydown funds, the funds may be held by the lender.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
Signed by the borrower and the Buydown provider, typically the lender or seller.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A

**BUYDOWN PROGRAMS & DETAILS****LENDER PAID BUYDOWN****Non-Interested Party Contribution****LE/CD**

<b>Product:</b> Fixed Rate Product.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Loan Terms - Interest Rate:</b> Note rate. Does not include Buydown.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Loan Terms - Monthly P&amp;I:</b> <ul style="list-style-type: none"> <li>Full P&amp;I per the Note. Does not include Buydown.</li> <li>Can this amount increase after closing? No.</li> </ul>	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Projected Payments:</b> Full P&I per the Note. Fixed payment for term of the loan. Does not include Buydown.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Costs at Closing:</b> The Buydown is reflected in the closing costs figure, see section H.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Closing Cost Details – A. Origination Charges:</b> Buydown funds are NOT reflected here.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Closing Cost Details – H. Other:</b> Buydown cost is reflected in Section H. Other. The CD will show the cost as paid by (L) in the Paid By Others column.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A

**MISCELLANEOUS**

<b>Amortization schedule:</b> If provided, should reflect the full P&I per the Note.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>3% Points and Fees Limit:</b> Buydown funds are NOT included in the 3% QM points and fees limit.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>1003:</b> <ul style="list-style-type: none"> <li><b>Proposed Payment:</b> The proposed P&amp;I on the 1003 must match the Note which is the full P&amp;I.</li> <li><b>Details of Transaction:</b> The Buydown is included in F (estimated closing costs) and the lender credit is included in L (other credits).</li> </ul>	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>APR:</b> The Buydown does not affect the APR.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Interested Party Contribution limits:</b> Does NOT apply.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A

**SELLER, LENDER OR OTHER IPC PAID BUYDOWN  
Interested Party Contribution**

**LE/CD**

<b>Product:</b> Fixed Rate Product.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Loan Terms - Interest Rate:</b> Note rate. Does not include Buydown.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Loan Terms - Monthly P&amp;I:</b> <ul style="list-style-type: none"> <li>Full P&amp;I per the Note. Do not include Buydown.</li> <li>Can this amount increase after closing? No.</li> </ul>	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Projected Payments:</b> Full P&I per the Note. Fixed payment for term of the loan. Do not include Buydown.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Costs at Closing:</b> The Buydown is reflected in the closing costs figure, see section H.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Closing Cost Details – A. Origination Charges:</b> Buydown funds are NOT reflected here.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Closing Cost Details – H. Other:</b> Buydown cost is reflected in Section H. Other. The CD will show the cost in the appropriate Seller Paid or Paid By Others column.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A

**MISCELLANEOUS**

<b>Amortization schedule:</b> If provided, should reflect the full P&I per the Note.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>3% Points and Fees Limit:</b> Buydown funds are NOT included in the 3% QM points and fees limit.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>1003:</b> <ul style="list-style-type: none"> <li><b>Proposed Payment:</b> The proposed P&amp;I on the 1003 must match the Note which is the full P&amp;I.</li> <li><b>Details of Transaction:</b> The buydown is included in F (estimated closing costs) and the IPC credit is included in L (other credits).</li> </ul>	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>APR:</b> The Buydown does not affect the APR.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Interested Party Contribution (IPC) limits:</b> Limits apply. Buydown funds may not exceed IPC caps per Agency guidelines.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A

**BORROWER PAID BUYDOWN**

**LE/CD**

<b>Product:</b> Step Rate Product.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Loan Terms - Interest Rate:</b> Note rate. Does not include Buydown.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Loan Terms - Monthly P&amp;I:</b> <ul style="list-style-type: none"> <li>Bought-down P&amp;I for the first year. Include Buydown.</li> <li>Can this amount increase after closing? Yes.</li> </ul>	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Projected Payments:</b> <ul style="list-style-type: none"> <li>Buydown P&amp;I is reflected.</li> <li>Reflect applicable Buydown P&amp;I in payment columns for Year 1, Year 2, Year 3, Years 4-30 as applicable. One column for each year with a Buydown with the final column reflecting the full P&amp;I without Buydown.</li> <li>The actual Buydown subsidy amount is not shown in the payment breakdown.</li> </ul>	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Costs at Closing:</b> The Buydown is reflected in the closing costs figure, see section F.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Closing Cost Details – A (Origination Charges):</b> Buydown funds are NOT reflected here.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Closing Cost Details – F (Prepays):</b> Buydown cost is reflected in Section F. Prepays. The CD will show the cost in the Borrower Paid column.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A

**MISCELLANEOUS**

<b>Amortization schedule:</b> If provided, should reflect the full P&I per the Note.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>3% Points and Fees Limit:</b> Buydown funds ARE included in the 3% QM points and fees limit.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>1003:</b> <ul style="list-style-type: none"><li>• Proposed Payment: The proposed P&amp;I on the 1003 must match the Note which is the full P&amp;I.</li><li>• Details of Transaction: The Buydown is included in F (Estimated closing costs) .</li></ul>	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>APR:</b> A composite APR must be calculated taking into account the Note rate, Buydown rate, and the amount of the Buydown reflected as a pre-paid finance charge.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>Interested Party Contribution limits:</b> Does NOT apply.	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A