



# Temporary Buydowns

## Quick Reference Guide

This guide provides the specific data entry for our Temporary Interest Rate Buydown programs.

### Loan Information

- **Term/Amortization Type:** 30 Year/Fixed Rate Only
- **Temporary Buydown Options:**
  - **3/2/1:** 1<sup>st</sup> year 3% below note rate, 2<sup>nd</sup> year 2% below note rate, and 3<sup>rd</sup> year 1% below note rate
  - **2/1:** 1<sup>st</sup> year 2% below note rate, 2<sup>nd</sup> year 1% below note rate
  - **1/0:** 1<sup>st</sup> year 1% below note rate
- **Loan Purpose:** Purchase
- **Occupancy Types:**
  - Principal Residence
  - Second Home
- **Qualifying Rate:** Note Rate without consideration of the bought-down rate.
- **Buydown Contributor:** Cannot be paid by the borrower. Generally only seller-paid buydowns are allowed.

### Special Data Entry

**Price/Lock Screen:** Indicate “Yes” for Temporary Buydown, and select the term of the buydown.

Temporary Buydown:  Yes  No  
 Buydown Terms: 1-0  
 Seasonal Property:   
 First Time Homebuyer: 1-0  
 Self-Employed Indicator: 2-1  
 Servicing Type: Servicing Released

### 1003 Data Entry:

**FNMA Buy Down: Fannie Mae tab, Buy Down section.** Populate the datapoints, noting that duration should be 12 for a 0/1, 24 for a 2/1, and 36 for a 3/2/1.

Buy Down

Buydown Frequency: 12  
 Buydown Duration: 24  
 Buydown Increase Rate: 1.000  
 Buydown Funding Code: No  
 Buydown Base Date: 1st Payment  
 Buydown Type: Temporary

**FHLMC Buy Down: Freddie Mac tab, Buy Down section.** Basis Type = *First Payment Date*. Duration in Months = 12 for a 0/1, 24 for a 2/1, and 36 for a 3/2/1. Initial Adjustment % = 1 for a 0/1, 2 for a 2/1, 3 for a 3/2/1. Lender Funding Indicator = *The Loan does not include Lender Funding*. Contributor = *Other-Interest Third Party*. Change Frequency in Months = 12. Temporary Subsidy = *The Loan Includes a Temporary Buydown*

BuyDown

Basis Type: First Payment Date  
 Duration in Months: 24  
 Initial Adjustment %: 2  
 Lender Funding Indicator: The Loan does not Includes Lender Funding  
 Contributor: Other-Interest Third Party  
 Change Frequency in Months: 12  
 Subsequent Adjustment %: 1  
 Temporary Subsidy: The Loan Includes a Temporary Buydown

**Loan Actions Menu, Edit TIL:** Ensure the **Note Rate** and **Qual Rate** match, and reflect the permanent rate returned by the pricing engine.

**BUYDOWN MORTGAGE section:** Complete the Buydown Frequency, Buydown Duration, Buydown Increase Rate, and Buydown Initial Rate fields. Select “Property Seller” for Buydown Contributor Type. Check the Buydown Temporary Subsidy box. Click *Save* after the data entry has been completed. 2/1 buydown example below.

| BUYDOWN MORTGAGE |       |   |             |
|------------------|-------|---|-------------|
|                  | Rate  |   | Term (mths) |
| 1.               | 2.000 | % | 12          |
| 2.               | 1.000 | % | 12          |
| 3.               |       | % |             |
| 4.               |       | % |             |
| 5.               |       | % |             |

  

|                            |                                     |
|----------------------------|-------------------------------------|
| Buydown Frequency:         | 12                                  |
| Buydown Duration:          | 24                                  |
| Buydown Increase Rate:     | 1.0000                              |
| Buydown Initial Rate:      | 7.5000                              |
| Buydown Contributor Type:  | Property Seller                     |
| Buydown Temporary Subsidy: | <input checked="" type="checkbox"/> |

Using our [Buydown Subsidy Calculator](#), calculate the buydown fee, print a copy of the worksheet, and upload to the e-Doc Manager.

Add the calculated Buydown Fee in the **Edit Fees Worksheet** in the Charges section. Select *Buydown Fee*, add the amount. The Paid To column should reflect *Lender* and the Paid By column should reflect *Seller*. Click *Save button* at the bottom of the screen.

**IMPORTANT: The buydown fee is a zero-tolerance fee, and must be calculated correctly prior to the initial disclosures being sent. If you have questions about the calculation, please contact your Account Executive prior to disclosing.**

| Charges:               |                             |                      | Amount          | Paid To          | Provider/Payee       | Category            | Paid By       |
|------------------------|-----------------------------|----------------------|-----------------|------------------|----------------------|---------------------|---------------|
| Origination            | <input type="text"/> % + \$ | <input type="text"/> | 0.00            | Originator       | <input type="text"/> | Origination Charges | Borrower      |
| Lenders Inspection Fee |                             |                      | 0.00            | Service Provider | <input type="text"/> | Origination Charges | Borrower      |
| Mortgage Broker Fee    | 0.000 % + \$                | 0.00                 | 0.00            | Originator       | <input type="text"/> | Origination Charges | Borrower      |
| Underwriting Fee       |                             |                      | 0.00            | Lender           | <input type="text"/> | Origination Charges | Borrower      |
| Wire Transfer Fee      |                             |                      | 0.00            | Lender           | <input type="text"/> | Origination Charges | Borrower      |
| <b>Buydown Fee</b>     |                             |                      | <b>1,542.72</b> | <b>Lender</b>    | <input type="text"/> | Origination Charges | <b>Seller</b> |
| Rate Lock Extension    |                             |                      | 0.00            |                  | <input type="text"/> | Origination Charges | Borrower      |