

# BUYDOWN AGREEMENT

BORROWER:

Loan#:  
Serv. #:  
MIN:

BUILDER/SELLER:

PROPERTY ADDRESS:

LOAN AMOUNT: \$

NOTE INTEREST RATE:

The purpose of this agreement is to explain certain aspects of the Buydown Mortgage Loan for which you, as Borrower, have applied.

This agreement between \_\_\_\_\_ and/or its assigns and the below acknowledged parties, set forth the terms of the Buydown Plan in connection with the mortgage loan secured by the property listed above.

## BUYDOWN SCHEDULE

NUMBER OF PAYMENTS	BORROWERS NEW INTEREST RATE	BORROWERS PORTION OF PRINCIPAL AND INTEREST	BUYDOWN AMOUNT	TOTAL PRINCIPAL AND INTEREST PAYMENT
12	% \$		\$	\$
	% \$		\$	\$
	% \$		\$	\$

TOTAL BUYDOWN FUND = \$

In order to comply with FNMA/FHLMC/GNMA guidelines and protect the availability of the buydown funds, these funds shall be held in an escrow account with a financial institution which is supervised by a Federal or State agency. The escrow shall pay over the buydown funds as required by agreement to \_\_\_\_\_ and/or its assigns. However, if, for some unforeseen reason, the escrow payments are not forthcoming, it is the Borrower's responsibility to make the total payment set forth in the mortgage note.

The buydown funds may not be used to pay past due payments of the Borrower. The buydown funds will be automatically applied during each payment period to reduce the periodic payment of principal and interest to the extent provided for in this agreement.

In the event of a Loan Modification the nondisbursed and available buydown funds may be applied to reduce the Arrearages in connection with this Agreement. "Arrearages" consists of the unpaid amount(s) loaned to Borrower by Lender plus any interest and other amounts capitalized.

If the mortgage is prepaid in full during the buydown period, the nondisbursed and available buydown funds shall be credited to the unpaid principal balance of the mortgage.

If the ownership of the property securing this buydown mortgage is sold or transferred during the buydown period and the terms of the buydown mortgage are assumed by the purchaser, any remaining buydown funds are to be used to reduce the mortgage payments of the purchaser in accordance with the buydown schedule.

In the event of a foreclosure of the mortgage, the balance of the buydown funds remaining on deposit with escrow shall be paid to the mortgagee acquiring title to the property and the claim for mortgage insurance benefits must be reduced by the amount in the buydown escrow account.

Except as otherwise provided in this agreement, the buydown funds are not refundable. The Borrower's only interest in the buydown funds is to have them paid over and applied to payments due under the Note along with payments made by Borrower. The Builder/Seller specifically agrees that no repayment of the buydown funds is required.

The sole responsibility of and/or its assigns and escrow under this agreement, shall be limited to the holding and application of the buydown funds as set forth in this agreement. Such responsibility will terminate upon the depletion of such funds or the application of the funds to the unpaid principal balance of the mortgage as provided for in this agreement.

**Borrower acknowledges that qualification for this loan was based on the full note rate and full principal and interest payment.**

The parties hereby acknowledge that they have read, undersigned and agree to the above:

**- SELLER -** \_\_\_\_\_ **- DATE -** \_\_\_\_\_

**- SELLER -** \_\_\_\_\_ **- DATE -** \_\_\_\_\_

**- BORROWER -** \_\_\_\_\_ **- DATE -** \_\_\_\_\_

**- BORROWER -** \_\_\_\_\_ **- DATE -** \_\_\_\_\_

**- LENDER -** \_\_\_\_\_ **- DATE -** \_\_\_\_\_

To complete the Buydown Agreement, it is recommended that you use the [Buydown Calculator](#). There is also a [Buydown Calculator Job Aid](#) that can assist in using the Buydown Calculator.

### Location of Buydown Calculator

#### TOOLS – Nations Direct Mortgage (myndm.com)

##### Forms, Documents & Checklists

— Conventional

[Buydown Calculator Job Aid for Brokers](#)

[Buydown Calculator](#)

##### — FHA

[Buydown Calculator Job Aid for Brokers](#)

[Buydown Calculator](#)

##### — VA

[Buydown Calculator Job Aid for Brokers](#)

[Buydown Calculator](#)

### Top Portion of Form

The top portion of the form will be completed with the information from the loan such as the loan #, servicing # (if applicable, MIN# from MERS (if available), Borrower, Builder or Seller, Property Address, Loan Amount and Note Rate.

In the second paragraph, there is a blank space where you need to enter your Company Name. Once entered here, it will flow into the other areas of the form that require your company name.

### BUYDOWN AGREEMENT

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Serv. #:

MIN:

BORROWER:

BUILDER/SELLER:

PROPERTY ADDRESS:

LOAN AMOUNT: \$

NOTE INTEREST RATE:

The purpose of this agreement is to explain certain aspects of the Buydown Mortgage Loan for which you, as Borrower, have applied.

This agreement between Your Company Name and/or its assigns and the below acknowledged parties, set forth the terms of the Buydown Plan in connection with the mortgage loan secured by the property listed above.

## How to Complete the Buydown Agreement

Non-Delegated Correspondent

### Completing the Buydown Schedule

You will use the [Buydown Calculator](#) to complete this portion of the form. There are 3 lines available if you are doing a 3/2/1 Buydown; however, if you are doing a 2/1, 1/1, or 1/0 – you will simply type NA in the blank fields.

Below are two screenshots, the first is from the buydown calculator and the second is the buydown agreement which shows the location where the figures from the calculator are transferred to the agreement.

3/2/1 BUY DOWN					
Interest Rate	Payment	Payment	Monthly Subsidy	# of Payments	Annual Subsidy Pymnts
2.990%	\$3,293.99	\$2,315.86	\$978.13	12	\$11,737.56
4.99%	\$3,293.99	\$2,622.61	\$671.38	12	\$8,056.56
4.990%	\$3,293.99	\$2,949.16	\$344.83	12	\$4,137.96
3/2/1 Buydown Cost					5 \$23,932.08

BUYDOWN SCHEDULE					
NUMBER OF PAYMENTS	BORROWERS NEW INTEREST RATE	BORROWERS PORTION OF PRINCIPAL AND INTEREST	BUYDOWN AMOUNT	TOTAL PRINCIPAL AND INTEREST PAYMENT	
12	1	2	3	4	
Each line will be 12 - if applicable					
TOTAL BUYDOWN FUND = \$ 5					

### Example of 2/1 Buydown which has a Note Rate of 5.99%

2/1 BUY DOWN					
Interest Rate	Payment	Payment	Monthly Subsidy	# of Payments	Annual Subsidy Pymnts
3.990%	\$3,293.99	\$2,622.61	\$671.38	12	\$8,056.56
4.990%	\$3,293.99	\$2,949.16	\$344.83	12	\$4,137.96
2/1 Buydown Cost					\$12,194.52

BUYDOWN SCHEDULE					
NUMBER OF PAYMENTS	BORROWERS NEW INTEREST RATE	BORROWERS PORTION OF PRINCIPAL AND INTEREST	BUYDOWN AMOUNT	TOTAL PRINCIPAL AND INTEREST PAYMENT	
12	3.99	\$ 2,622.61	\$ 8,056.56	\$ 3,293.99	
12	4.99	\$ 2,949.16	\$ 4,137.96	\$ 3,293.99	
NA	NA	\$ NA	\$ NA	\$ NA	
TOTAL BUYDOWN FUND = \$ 12,194.52					