



Temporary Interest Rate Buydown Matrix

Product	3/2/1	2/1	1/1	1/0	Source Of Subsidy / Who can Finance?	Occupancy Type	Transaction Type
Conventional	Eligible	Eligible	Eligible	Eligible	Interested 3 rd Parties. Borrower funded buydowns are not eligible.	Primary Residence Second Home **Manufactured Homes Ineligible	Purchase
FHA	Eligible	Eligible	Eligible	Eligible	Interested 3 rd Parties. Borrower funded buydowns are not eligible.	Primary Residence Second Home	Purchase
USDA	Eligible	Eligible	Eligible	Eligible	Interested 3 rd Parties. Borrower funded buydowns are not eligible.	Primary Residence	Purchase
VA	Eligible only if the full subsidy meets the 4% maximum contribution limit	Eligible	Eligible	Eligible	No Lender Financing. Borrower funded buydowns are not eligible.	Primary Residence	Purchase

What is a Temporary Interest Rate Buydown?

Interest rate buydowns are designed to reduce the borrower's monthly payment during the early years of the mortgage. At settlement, an escrow account is established. Each month, the servicer draws down an amount equal to the difference between the principal and interest payment at the Note Rate, and the P&I at the buydown rate.

- Borrower can never fund buydown accounts.
- Must be underwritten at full note rate.
- Seller paid buydown cannot exceed min seller concessions.
- 12 month intervals of increase
- Escrow agreement/buydown agreement required
- Split Buydown is acceptable
- 30 Year Fixed Term Only

Buydown Type	Description
3/2/1 Buydown	<ul style="list-style-type: none"> • Payment calculated at 3% below the Note Rate for the first year. • Payment calculated at 2% below the Note Rate for the second year. • Payment calculated at 1% below the Note Rate for the third year. • Payment calculated at the Note Rate for the years fourth through full term.
2/1 Buydown	<ul style="list-style-type: none"> • Payment calculated at 2% below the Note Rate for the first year. • Payment calculated at 1% below the Note Rate for the second year. • Payment calculated at the Note Rate for the years three through full term.
1/1	<ul style="list-style-type: none"> • Payment calculated at 1% below the Note Rate for the first year. • Payment calculated at 1% below the Note Rate for the second year. • Payment calculated at the Note Rate for the years three through full term.

1/0

- Payment calculated at 1% below the Note Rate for the first year.
- Payment calculated at the Note Rate for the years two through full term.