



Temporary Buydown

PROGRAM SPECIFICATIONS	
Description	A Seller paid buydown enables the buyer to obtain a mortgage with lower payments for the first two years or one year of the loan term. Utilizing this option, the interest rate would be 2% lower the first year and 1% lower the second or 1% lower for the first year, all other payments are fully amortized at Note Rate starting on the 3rd or 2nd year. The seller must agree to the buydown terms and be willing to provide a concession to cover the cost for the difference in payment.
Channels	• Broker • Correspondent ◦ Non-Delegated UW
FICO	Minimum Qualifying Credit Scores: • 620 for all qualifying borrowers
UW Method	• Desktop Underwriter (DU) • Loan Product Advisor (LPA) • Guaranteed Underwriting System (GUS) Note: Borrower must qualify on the fully amortized Note rate
AUS Recommendation	• FNMA or FHLMC: ◦ Approve/Eligible - DU ◦ Risk Class Accept/Eligible – LPA • FHA and VA: ◦ Approved/Eligible – DU ◦ Refer/Eligible – DU ◦ Risk Class Accept – LPA ◦ Risk Class Refer – LPA • USDA ◦ Accept/Accept – GUS ◦ Refer – GUS ◦ Refer with Caution – GUS Note: Manual Underwriting is permitted on FHA, VA, and USDA transactions
Eligible Terms	• 30Yr. Fixed ◦ Including High Balance/Super Conforming where program permits ◦ VA Jumbo permitted
Eligible Transaction Types	• Purchase
Eligible Property Types	• Primary Residence ◦ 1 – 2 Unit Site Built ◦ Modular ◦ Manufactured Home (Single and Multi-Width) • FNMA Standard and HomeReady, • FHLMC Standard and Home Possible, or • FHA/ VA/ USDA standard programs. • Condos • PUDs • 1 Unit Second Home
Eligible Programs	The 2/1 or 1/0 Buydown program can be used in conjunction with: • FNMA Standard ◦ HomeReady • Second Homes not permitted • FHLMC Standard ◦ Home Possible • Second Homes not permitted



	- o HomeOne • One-unit primary residences only • Super Conforming not permitted • Manufactured homes not permitted • FHA 203(b) Standard – Primary residence only - o 1-Unit Site Built, Modular, Manufactured, Condos and PUDs • VA Standard – Primary residence only - o 1-Unit Site Built, Modular, Manufactured, Condos and PUDs • USDA Standard – Primary residence only - o 1-Unit Site Built, Modular, Manufactured, Condos and PUDs
Maximum LTV/CLTV/HCLTV	Conventional: • 97% if first time homebuyer • Follow corresponding Eligibility Matrices per GSE: - o https://selling-guide.fanniemae.com/1035348401 - o https://sf.freddiemac.com/general/maximum-ltv-cltv-hcltv-ratio-requirements-forconforming-and-super-conforming-mortgages FHA: 96.5% VA: 100% USDA: 100%
Maximum DTI	• Follow AUS
MI Companies	• Arch • MGIC • Enact • Essent Guaranty, Inc. • National MI • Radian
Buydown Requirements	Terms: 2/1 Buydown • First year 2% • Second year 1% • 3rd year through remaining term at Note rate 1/0 Buydown • First year 1% • 2nd year through remaining term at Note rate Contributor: • Seller only Loan Estimate: • The full amount must be disclosed in section “H” as a seller credit Note: The total buydown amount counts toward interested
Purchase Contract and Buydown Agreement	• Purchase contract and or addendum must reflect the total amount of seller credits and that the seller’s concession can be applied toward a Temporary Interest Rate Buydown and additional closing costs. • An initial Buydown agreement must be signed by the Seller and Borrower, if seller paid temporary buydown is not addressed on the purchase contract. The final Buydown agreement must be signed by the Seller, Borrower and Lender representative at closing.
Geographic Restrictions	• Hawaii - o eLEND does not operate in the state of Hawaii and does not permit loans with a subject property in Hawaii. • eLEND requires the use of eLEND’s Texas counsel on all Texas transactions. eLEND utilizes this 3rd party for document preparation and require 48 hours for both title review and to generate a closing package.
Agency and GSE Guidelines	• https://selling-guide.fanniemae.com • https://guide.freddiemac.com/app/guide/browse • https://www.hud.gov/program_offices/housing/sfh/handbook_4000-1 • https://www.rd.usda.gov/resources/directives/handbooks#hb13555 • https://www.benefits.va.gov/warms/pam26_7.asp
Forms	See FORMS Section in the Resource Center



	See FORMS Section in the Resource Center • 2/1 Buydown Calculator • 1/0 Buydown Calculator • Buydown Agreement – Broker • Buydown Agreement - Correspondent • Buydown Frequently Asked Questions (FAQs) • Buydown Fact Sheet
OVERLAYS	
	• 2/1 or 1/0 Temporary Buydown is not permitted to be combined with the following: - o Renovation - o One-Time Close Construction - o DPA Advantage • The following transaction types are not permitted: - o Purchase of an Investment property - o Refinance • Correspondent Non-Delegated (UW) transactions require AFR to prepare the closing package.
	Disclaimer: Follow all overlays in the AFR FNMA, FHLMC, FHA, VA and USDA Standard Program Matrices. All overlays herein are subject to change by AFR without notice. Where AFR is silent the underwriter must follow Agency and GSE guidelines as outlined in their perspective Seller Guides.