10.27.26

theLender 2/1 Buy Down

Primary Residence – Conventional			
Transaction	**FICO**	**Number of Units**	**Maximum LTV/CLTV**
Purchase	620	1 - Unit	97% Conforming; 95% High Balance
		2 - Units	85%
		3-4 Units	75
Second Home - Conventional			
Transaction	**FICO**	**Number of Units**	**Maximum LTV/CLTV**
Purchase	620	1 – Unit	90
Primary Residence - FHA			
Transaction	**FICO**	**Number of Units**	**Maximum LTV/CLTV**
Purchase	580	1-4	96.50/100
	550	1-4	90
A temporary buydown is an option that creates a funded buydown account that is used to temporarily reduce the borrower's monthly payment during the initial year(s) of the loan. The Note Rate remains constant; only the borrower's payment is reduced.			

Program Details

Topic	Guideline
Eligible Products	• 30 year fixed only
Eligible Account Source	• Interested Party Contribution (subject to applicable Agency Interested Party Contribution limits) • Seller
Eligible Programs	• Fannie Mae – Standard Conforming Balance, Standard High-Balance, HomeReady® • Freddie Mac – Conforming, Super Conforming, Home Possible® • FHA – Standard
Account Restrictions	• Buydown accounts may not be funded either in whole or in part by the borrower and the borrower must not be required to repay the funds. • Buydown funds may not be used to pay past-due payments or to reduce the mortgage amount for purposes of determining the LTV ratio.
Buydown Type	• 2/1 Buydown
Buydown Payment	• Payment calculated at 2% below the Note Rate for first year (months 1-12) • Payment calculated at 1% below the Note Rate for the second year (months 13-24) • Payment calculated at the Note Rate starting on the 25th month through maturity
Transaction Types	• Purchase
Occupancy	• Primary Residence • Second Homes (Conventional)
Eligible Properties	• SFR • Condo • PUD
Qualifying	• The borrower must be qualified using monthly payments at the Note Rate. • If reserves are required, the reserves must be calculated using the Note Rate • Loans may not be underwritten at the buydown rate.

Buydown Agreement	• Written Agreement
	  ○ The buydown plan must be a written agreement between the party providing the buydown funds and the borrower
	  ○ The executed buydown agreement must accompany the loan documents.
	• Calculation
	  ○ The buydown agreement must clearly show
	  ▪ the calculations of the total cost of the temporary subsidy buydown,
	  ▪ any interested party contribution, and
	  ▪ The annual percentage increase in the Borrower's monthly principal and interest payment.
	• Relief from Obligation
	  ○ The buydown agreement must provide that the Borrower will not be relieved of the obligation to make the full monthly Mortgage payments required by the terms of the Mortgage Note if, for any reason, the buydown funds are not available or the buydown funds are not paid.

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	• Terms Disclosed to Mortgage Insurer and Appraiser
	  ○ All of the terms of the buydown agreement must be disclosed to the mortgage insurer and the property appraiser, if applicable.
	• Return of Funds
	  ○ Buydown agreements that allow for the return of the buydown funds to the Lender/Seller are not eligible. The buydown agreement may not include an option for the buydown funds to be returned to the Seller/Lender in the event that the loan is paid off before all of the funds have been applied

Loan Limits	FHFA Conforming Loan Limits: https://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx
Minimum Loan Amounts	• Minimum Loan amount $50,000
1031 exchanges	• Not allowed
Appraisal	• Appraisal Form - Must be UAD compliant. All UCDP submissions on or after 11/2/2026 must be UAD 3.6 (URAR). UAD 2.6 legacy forms (1004, 1073, 1025) are acceptable only for submissions made prior to 11/2/2026. • Transferred appraisal are OK • All appraisals must be ordered through an AMC • The broker cannot be the Lender/Client • Appraisals must be uploaded to UCDP or EAD as required by the agency • Appraisals by appraisers & supervisory appraisers on the Fannie Mae AQM list are not eligible.
Assets	• Third party validation of all checking and savings accounts is required
AUS	• DU® Approve/Eligible or LPA Accept required. • Manual underwrites not allowed
Borrower Eligibility	• Maximum 4 borrowers per loan. • Maximum 4 loans to 1 borrower and up to $1.5M • All non-U.S. citizen Borrowers must provide documentation of lawful permanent or non-permanent residency • Borrowers who are Foreign Politically Exposed Persons or who have Diplomatic Immunity are not eligible. • Follow all other Agency guidelines
Credit score	• Each borrower must generate a traditional credit score from at least one repository.
Credit Report	• Credit Score Model- Classic FICO® only. VantageScore® 4.0 and FICO® Score 10T are ineligible. • RMCR or traditional tri-merge is required for all borrowers on all loans.
Down Payment Assistance (DPA)	• Must be approved by Credit Management • Government and Quasi-government entities only
Energy Efficient Mortgage	• Not Allowed
Escrow / Impounds	• Conventional - Unless in violation of applicable state law, LTVs >80% require escrows. For primary residences & second homes, mandatory flood insurance must be escrowed, unless paid by HOA as a common expense. • FHA – Required on all loans
Escrow Holdback	• Not Allowed
Geographic Restrictions	• Any state theLender is not licensed in – see http://www.thelender.com • Hawaii- Ineligible
Housing Authority Subsidies	• Section 8 vouchers, Housing Authority subsidies are not eligible.
IRS 4506-T	• IRS Form 4506-T must be signed prior to underwriting for borrowers whose income is documented with tax returns. Authorization must coincide with the years of tax returns obtained for qualification. • Borrowers whose income has been validated through the DU validation service must sign IRS Form 4506-T at closing even if DU waives the requirement.
Leasehold Estates and Land Trusts	• Land Trusts, Community Land Trusts, including Illinois land trusts, “Indian Leased Land” are not eligible.
Loan Disclosures	• The finance charge and related disclosures to be based on the terms of the legal obligation between the consumer and the creditor (the Note), and not based on the buydown agreement terms. • The buydown agreement and/or its terms must not be reflected in the Note, Security Instrument, or Riders, and they do not modify the terms of the Note, Security Instrument, or Riders. • Third-Party (Seller) paid buydown amounts may be disclosed in the “Seller-Paid” column of Section A or H and reflected as a credit in the summaries of transactions (Lines L.05 and N.08).
Manufactured Home	• Not eligible
Mortgage Credit Certificate	• Not allowed
Mortgage Insurance - Reduced	• Minimum or reduced mortgage insurance coverage is not permitted. Obtain standard coverage.
Mortgage Insurance	Acceptable MI Types: • Borrower Paid Monthly • Borrower Paid Single Premium • Financed: Gross LTV cannot exceed theLender’s program maximum • Lender Paid Single Premium
Power of Attorney	• No "General" POA. POA must be “specific and identify property. • No POA for trusts, cash out, non-owner or non-occupant borrowers.

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Property Deed Restrictions	• Deed restricted properties are not eligible, unless the restriction is age-related, and otherwise meets the applicable Agency guidelines.
Property, Ineligible types, and Condition	The following are not eligible: • Assisted living • Board and care facilities • Boarding houses • Bed & breakfast • Non-warrantable condo projects • Co-Ops • Exotic or non-traditional types of structures, e.g. dome homes, houseboats, Land loans, vacant or unimproved properties • Manufactured Homes • Mobile homes or on-frame modular • Working farms or ranches • Indian (Native American) tribal or Trust Land, or "Indian Leased Land." • Property ratings of C5, C6, and Q6 are not allowed unless issues that caused these ratings are cured prior to funding.
Property Condition and Quality Ratings	• Properties with a Condition Rating of C5 – Not Allowed • Properties with a Quality Rating of Q6 – Not Allowed
Construction to Perm	• Credit and appraisal documents may not be dated more than 120 days from the date of the conversion to permanent financing
Tax Transcripts	• W-2 transcripts for wage earners are acceptable
Tax Repayment Plan	• Per agency guidelines
Texas Cash-out	• Not Eligible

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