LOAN ESTIMATE (LE) AND CLOSING DISCLOSURE (CD) FOR TEMPORARY BUYDOWN

When completing an LE or CD for a loan that contains a temporary 2/1 or 1/0 buydown, consider these sections of the document.

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Loan Terms > Monthly Principal & Interest

This section should reflect the principal and interest payment as reflected on the Note.

In the example below, the principal and interest payment on the Note is $1,061.00.

Loan Terms		Can this amount increase after closing?
Loan Amount	$215,576	NO
Interest Rate	4.25%	NO
Monthly Principal & Interest	$1,061.00	NO

Projected Payments > Payment Calculation > Principal & Interest

This section should reflect a fixed payment stream as disclosed within the Temporary Buydown Agreement. The borrower is responsible to make the full monthly principal and interest payment required by the Note if for any reason the buydown subsidy is not available.

Projected Payments		
Payment Calculation		**Years 1 - 30**
Principal & Interest		$1,061.00
Mortgage Insurance	+	148.99
Estimated Escrow *amount can increase over time*	+	740.71
Estimated Total Monthly Payment		**$1,950.70**

The buydown fee is generally a finance charge, however there are permissible exceptions to the finance change, such as Seller's Points. Below are a few examples of how a buydown fee can be entered.

Loan Costs > Section A. Origination Charges

In the example below, the borrower is paying the buydown fee.

Loan Costs	Borrower-Paid At Closing	Borrower-Paid Before Closing	Seller-Paid At Closing	Seller-Paid Before Closing	Paid by Others
A. Origination Charges	**$392,000.00**				
01 97 % of Loan Amount (Points)	$388,000.00				
02 Buydown	$4,000.00				
03					
04					
05					
06					
07					
08					

Other Costs > H. Other

In the example below, the seller is paying the Buydown fee.

Other Costs	Borrower-Paid At Closing	Borrower-Paid Before Closing	Seller-Paid At Closing	Seller-Paid Before Closing
H. Other				
01 Buydown to (Lender's name here)			$4,307.40	
02 Title - Owner's Title Insurance (optional) to (Title Company name here)	$1,200.00			