BUYDOWN AGREEMENT

Loan #:
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 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

TOTAL BUYDOWN FUND =

In order to comply with FNMA/FHLMC/FHA/VA 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.

If the property is sold by Borrower and 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.

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

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- SELLER - - DATE -

_____

- LENDER - - DATE -

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- BORROWER - - DATE -